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FOR PUBLIC ADMINISTRATION

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for  
Public Administration*

*in the Science, Processes, and Art of Public Administration*

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# Public Administration Review

THE JOURNAL OF THE AMERICAN SOCIETY FOR PUBLIC ADMINISTRATION

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for Spring publication . . .

## **PUBLIC ADMINISTRATION:**

### **READINGS AND DOCUMENTS**

Felix A. Nigro  
University of Puerto Rico  
probably 448 pp., \$2.50 (paper)

Designed to give the undergraduate student an understanding of the theory and practice of public administration, this book provides materials from a variety of sources, including the actual practice of administration. Readings have been selected from professional journals, books, essays, public documents, reports, speeches and writings of public officials, and unpublished manuscripts. Each chapter includes introductory notes, study questions, and an annotated bibliography.

#### **Contributors:**

- I. THE ROLE OF PUBLIC ADMINISTRATION. James L. McCamy; V. O. Key; F. Merson
- II. THE FUNCTION OF THE EXECUTIVE. Paul Mooney; Thomas R. Reed; Ordway Tead; Louis Brownlow; Marshall Dimock; Donald C. Stone; Chester I. Barnard
- III. ORGANIZATION. John M. Gaus; E. J. Coil; Marshall Dimock; George F. Gant; Griffenhagen and Associates; David E. Lilienthal; O. L. Nelson
- IV. PERSONNEL ADMINISTRATION. Lawrence A. Appley; Griffenhagen and Associates; J. Donald Kingsley; Dorothy C. Adkins; Civil Service Assembly of the United States and Canada; His Majesty's Stationery Office, London; Civil Service Assembly; National Civil Service League
- V. FINANCIAL ADMINISTRATION. Griffenhagen and Associates; Public Administration Service; Message of the Mayor of the City of New York; Accounting Policy Committee, Hoover Commission
- VI. ADMINISTRATIVE REGULATION. Merle Fainsod; Robert E. Cushman; Frederick F. Blachley and Miriam E. Oatman; Historical Report on War Administration
- VII. ADMINISTRATIVE RESPONSIBILITY. John M. Gaus; Felix A. Nigro; James L. McCamy

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## IN THIS NUMBER

CHARLES S. ASCHER, chairman of the Department of Political Science at Brooklyn College, is a past president of the American Society for Public Administration. He served for two years in the office of the director general of UNESCO and for five years as regional representative of the administrator of the National Housing Agency. He was for seven years secretary of the Committee on Public Administration of the Social Science Research Council.

HAROLD STEIN was in the federal service from 1934-48. His posts included work with the WPB, 1942-43; adviser, later deputy director, OWMR, 1945-46; commissioner of war mobilization and reconversion, Office of Temporary Controls, 1946-47; and consultant, Bureau of the Budget, 1947-48. Since April, 1948, he has been staff director, Committee on Public Administration Cases. He has a Ph.D. degree from Yale University.

D. A. RODRÍGUEZ graduated in agricultural science from the College of Agriculture and Mechanic Arts of Puerto Rico in 1930. He worked with the Insular Agricultural Experiment Station of the University of Puerto Rico, 1930-34, and 1945-49, as agronomist and appraiser. He was agricultural county agent in 1934-35, and 1936-39. During 1935-36 he appraised farm land for the Puerto Rico Reconstruction Administration and from 1939-43 as tenant purchase specialist appraised land for the Farm Security Administration. He was appointed project director for the reassessment program for Puerto Rico in 1949 and in 1950 was appointed chief, Bureau of Property Assessment, Department of Finance.

TRUETT B. MARSHALL attended the University of Texas and later served for twenty years as the tax assessor and collector of the City of Austin, Texas. He has been a member of the Executive and Advisory Boards of the National Association of Assessing Officers. As a member of the staff of Public Administration Service he has, since 1947, supervised the development and installation of assessing systems in a number of jurisdictions.

KARL E. STROMSEM was assistant educational director, National Institute of Public Affairs, 1937-43; Lieutenant USNR 1943-45, in the Division of Shore Establishments and Civilian Personnel, Department of the Navy; educational director, National Institute of Public Affairs, 1945-49. Since 1949, he has been in the Division of Personnel Management, Office of the Secretary, Department of the Interior, in charge of departmental management training; also professorial lecturer in public administration and adviser on governmental intern scholarships, George Washington University. He received his Ph.D. at the University of California at Berkeley.

MITCHELL DREESE was director of personnel, Grinnell College, 1929-31; he has been professor of educational psychology, George Washington University, since 1931, dean of the summer sessions since 1937, and director of veterans' education since 1945. He was visiting educational counselor, National Institute of Public Affairs, 1948-49. He received his doctorate at Columbia University.

ROWLAND EGGER has been professor of public administration at the University of Virginia since 1931; he is also director of the Bureau of Public Administration at the University. He was director of the budget, Commonwealth of Virginia, 1939-42; financial and administrative adviser to the President of Bolivia, 1942; and general manager and director of the Bolivian Development Corporation, 1942-45. He was Editor-in-Chief of *Public Administration Review*, 1947-48.

T. JACK GARY, JR. has been accounting officer, Office of Administrator, NHA; special assistant to the comptroller and deputy comptroller, PHA; and executive assistant and research director for the accounting study for the Hoover Commission. He is at present accounting adviser to the commandant, U. S. Coast Guard.

LINDSLEY H. NOBLE has been controller of the United States Atomic Energy Commission for the past three years. His government service includes two years as a division director, accounting department, OPA, and five years as general accountant, TVA. During the early part of World War II, he was finance officer in France for the American Friends Service Committee's war relief program.

ALFRED R. GOLZÉ, director of programs and finance, Bureau of Reclamation, U. S. Department of the Interior, since June, 1947, is in charge of its programs, budgets, statistical reporting, and accounting activities. From 1933-43 he held various engineering and administrative positions in the bureau; from 1943-45 he was in the Bureau of the Budget as an examiner on the public works program; from 1945-47 he was assistant director of operation and maintenance, Bureau of Reclamation. He holds two engineering degrees from the University of Pennsylvania.

LEON D. EPSTEIN was assistant economist, NRPB, 1941-42; instructor in political science, Roosevelt College, 1947; assistant professor of political science, University of Oregon, 1947-48. He has been assistant professor of political science, University of Wisconsin, since 1948. He has B.A. and M.A. degrees from the University of Wisconsin; attended Oxford University, 1945; and received his Ph.D. at the University of Chicago, 1948.

EWING W. REILLEY has been with the firm of McKinsey & Co., management consultants, since 1939 and has been a partner since 1947. He has done consulting work for a number of federal agencies, including the Departments of Treasury and Commerce, NSRB, and ECA. He is currently a consultant to the Secretary of the Army. He has an M.B.A. degree from the Harvard Graduate School of Business Administration.

RICHARD F. NEUSCHEL was for four years a staff assistant to the president and general manager, Sperry Gyroscope Co.; he joined the firm of McKinsey & Co., in 1945. He has an M.B.A. degree from the Harvard Graduate School of Business Administration.

*Public Administration Review* is intended to promote the exchange of ideas among public officials and students of administration. The various views of public policy and public administration expressed herein are the private opinions of the authors; they do not necessarily reflect the official views of the agencies for which they work or the opinions of the editors of this journal.

# Trends of a Decade in Administrative Practices

By CHARLES S. ASCHER

Professor of Political Science  
Brooklyn College

IN 1940, John B. Blandford, Jr., seemed particularly discouraged in his attempt to discern an annual "trend" in developments in administrative organization for *The Municipal Year Book*. "For the purpose of the record" he listed some incidents of 1939, such as the central issuance of licenses in Rochester, New York, and concluded wistfully:

These are all straws in the wind. We like to think that there is something ahead, perhaps around the corner. Ultimately the impact of technological advance and the expanded concept of public service will be reflected to a larger degree in the structure of local government.

The blast of wind into which Blandford stepped when he turned around the corner ultimately blew him to China, Greece, and the Middle East. Many another practitioner found himself equally discombobulated by the hurricane. And, in the following five years, teachers and students of theory became practitioners willy-nilly. There should therefore be some unity in a series of articles traversing trends in teaching, theory, and practice during the decade; the less sympathetic reader might call it overlap or duplication.

NOTE: This is the third in a series of articles that notes the first decade of the publication of *Public Administration Review*. This series is designed to set forth significant recent developments and emerging trends in some of the principal sectors of public administration. The first article in the series, "Trends in Teaching of Public Administration," by George A. Graham, appeared in the Spring, 1950, issue of the *Review*. The second, "Trends in the Theory of Public Administration," by John M. Gaus, was in the Summer, 1950, issue. A subsequent article will focus on the evolution in ethics and a final article will seek to evaluate the contribution that the *Review* itself has made to advancing the knowledge of public administration.

## *From Defense Effort to Defense Effort*

THE decade can be bounded naturally, but not happily, as "From Defense Effort to Defense Effort" and this review could simply be another in the series *What We Learned in Public Administration during the War or Administrative Reflections from World War II*.<sup>1</sup>

Certainly the war presented urgencies of size, complexity, and speed that forced changes in administrative practice. The urgencies led to some unhappy improvisations, but they showed us, too, that some of our long-established mechanisms were not only inadequate but unnecessary. The prime fact is that we devised practices that helped to win a war. But one may be permitted in reviewing trends to view these turbulences as eddies in a stream of evolving practices. Clearly, when the war was over public administration did not revert to 1939. We need only remind ourselves that federal expenditures not connected with war increased by one-half during the decade from 1939 to 1949, and that state and local expenditures doubled in that time, to recognize that we confront a new configuration of administration, after all allowances for population increase and the change in the value of the dollar. Can we outline that new configuration?

## *From Brownlow Committee to Hoover Commission*

FOR a surveyor of administrative practice, the decade has another natural boundary:

<sup>1</sup> The first, lectures by eight eminent speakers in the fall of 1946 under the sponsorship of the Graduate School of the U.S. Department of Agriculture, published by the school in 1950 under imprint of 1949. The second, lectures by Luther Gulick at the University of Alabama, published by the University of Alabama Press in 1948.

"From Brownlow Committee to Hoover Commission," or "From Reorganization Act of 1939 to Reorganization Act of 1949." We have the word of the highest authorities that neither the war President nor the postwar President could have met his responsibilities without the aid of the Executive Office established upon recommendation of the Brownlow Committee. That the six assistants did not serve Roosevelt as well as a Hopkins or a Rosenman is a minor detail.<sup>2</sup> What may have seemed in 1939 a minor detail—provision for an Office for Emergency Management—proved of utmost importance in organizing quickly for defense only a year later.

While the concepts had been maturing for several decades—witness alone the *Papers on the Science of Administration* collected by Gulick and Urwick for the use of the Brownlow Committee—the *Report of the President's Committee on Administrative Management* was the prime incisive statement, projected before the world by the circumstances of its utterance, of the elements of the Chief Executive's task and of the tools essential for him to discharge his paramount responsibilities of leadership and coordination. These propositions the Hoover Commission confirmed a decade later, adding that the head of every department should be armed with the same kit of tools.

#### *Program Planning and the Performance Budget*

THE most conspicuous trend of the decade concerning tools of management was undoubtedly the wider recognition and more refined understanding (in Gulick's words) "that the translation from purpose to program is the crucial step in administration." Call it program planning, administrative planning, policy analysis—whatever term makes the process most acceptable; admit that it had been done

<sup>2</sup>I am delighted that Louis Brownlow has recorded the origin of the famous description of these assistants in his lectures on *The President and the Presidency* (Public Administration Service, 1949), p. 105. *The New York Times* editorialized patronizingly at the time that the Committee's *Report* betrayed its academic origins in such phrases as "a passion for anonymity." Actually, the phrase was coined by a former secretary to a Prime Minister to describe one of the essential characteristics of a Cabinet secretary, such as Lord Hankey.

before—see the Gaus and Wolcott description of it in the U. S. Department of Agriculture in the 1930's; yet it was the decade of the 1940's that saw it blossom. One could come to program planning in response to simple urges. As the senior administrative officer of an old-line federal department put it, "you get tired of seeing policy emerge from random minor decisions; you'd like to know where you're going before the case load overwhelms you." Acceptance of the practice brought a whole train of related changes.

Program planning employs work-oriented techniques, in sharp contrast to the control-oriented mechanisms of the thirties. In the late 1930's Dean Mosher ferreted out a few federal agencies that had initiated practices of work-load analysis and work measurement; all those interested to hear about them fitted comfortably into one room in the Raleigh Hotel in February, 1937.<sup>3</sup> The war brought the shocking realization that familiar money controls might be altogether meaningless—that it was manpower or material or space or time that was to be allotted, scheduled, or programmed. "Green sheets" could not win a war. At the end of the decade a session of the annual conference of the American Society for Public Administration could be devoted to "New Mathematical Techniques in Program Planning and Control for Large-Scale Operations." (Read the summary in the Spring, 1950, issue of this *Review*, pp. 131-32, and see how much your M. P. A., 1940, helps you to understand that.)

This same work orientation has of necessity been reflected in the budget-making process itself. Again, Frederick Cleveland may have advanced the concept forty years ago, but it was during the 1940's that it began to turn into practice. The U. S. Bureau of the Budget figuratively placed its surfboard on the leading edge of the comber set in motion by the Hoover Commission and waved at Mr. John Taber, "Look, no hands," as it flashed by, apparently moving in response to forces beyond its control. Cities, too, introduced elements of the

<sup>3</sup>*The Work Unit in Federal Administration; Papers Read at a Meeting of the Washington Chapter of the Society for the Advancement of Management, February 19, 1937* (Public Administration Service Publication No. 56, 1937), 46 pp.

"performance budget" into their practices during the decade.

#### *Fiscal Policy*

A COGNATE trend of the decade was the separation of the capital budget from the operating budget and the preparation of six-year programs of capital improvements. The spur here, it may be remembered, was the threat of mass unemployment among the quickly demobilized veterans and the need to be ready with planned series of public works. City officials, too, tried to be disciples of the new economics.

Yet it was only at the beginning of the decade that Harold D. Smith installed a small fiscal policy unit in the attic of the U. S. Bureau of the Budget. It was at his instance that the Committee on Public Administration of the Social Science Research Council in January, 1941, convened the first conference of university men in public finance and men scattered through federal departments to discuss the administrative implications of "fiscal policy." That same month William A. Jump hardly credited his senses when Smith invited the Secretary of Agriculture to come over with his economic adviser and his budget officer before the formal review of the department's estimates to talk over informally with Smith and his fiscal advisers the underlying assumptions about price levels of commodities and the total national product upon which the estimates were based—to make sure that they were not in conflict with the current assumptions of the Federal Reserve Board and the Department of Commerce.

The end of the decade saw the institutional recognition in the Council of Economic Advisers of the relationship of public expenditures, taxation, and borrowing and the national economy. Indeed, by this time, the nexus was international and the Export-Import Bank had been supplemented by the Economic Cooperation Administration and by American participation in the International Bank and Monetary Fund, the Technical Assistance Fund, and other economic organs of the United Nations.

#### *Devolution of Authority to Line Supervisors*

THE all-pervading wartime controls of the citizens' use of materials, whether aluminum or sugar, through licenses, rations, or priorities forced a trend in practice which has happily persisted. The WPB allocation system almost foundered in the flood of applications for priorities that inundated Washington. It was saved by setting up quotas by districts and letting field officers issue priorities within their quotas. At the end of 1948 the chief of the Forest Service reported the issuance of 25,000 grazing permits a year and an almost equal number of timber sales, practically none of which was seen in Washington except on appeal; they were handled by the 750 rangers in the national forests. With this devolution has come a change in feeling-tone noted by many, a change in the sense of relationship between headquarters and what Washington so quaintly calls "the field," a recognition that the field officer is the front-line executant and that the rest of the organization is the service of supply whose role is advice as much as control.

At the beginning of the decade Macmahon and Millett offered a first conceptual formulation of "The Rival Claims of Hierarchy and Specialty" almost as an aside in *The Administration of Federal Work Relief*. General Somervell's translation of these concepts into practice was a notable exemplar: the Surgeon General was free to advise Army doctors on advances in medical science, but orders for the operation of Army hospitals came to the superintendents through area (corps) commanders. By the end of the war enough of the federal agencies had found ways to reconcile the claims of hierarchy and specialty so that Gulick could list "integrated dual supervision" as one of the administrative lessons of the war.

The trend toward devolution, the greater emphasis on advice as the contribution from the center, inevitably meant that the line supervisor must be more responsible for management. The greatest advance here during the decade seems to have been in all the aspects of personnel management—recruitment, selection, employee relations—leaving the National Civil Service League a little worried at the end of the decade whether the change in prac-



tice had been adequately armor-plated against the original enemy, the spoils system.

### O & M

IN 1940 it would have been only a reader of the British journal, *Public Administration*, or a rare visitor returning from overseas who could have won even a two-dollar prize on a quiz program by identifying "O & M." At the beginning of the decade, the director of the budget, as an officer in the Executive Office of the President, for the first time assigned a special corps of men to promote administrative management in the federal service. It took the heat of war to fuse the work of this division with that of the estimates division. The presence of men from industrial management in the headquarters of the armed services and the control agencies undoubtedly gave impetus to the movement for improved procedures. Officers on lonely atolls in the Pacific groaned over manuals on work simplification. By the end of the decade a presidential Advisory Committee on Management Improvement gave leadership and encouragement to method-minded men throughout departments and agencies, whether or not in specially constituted O & M units; and Congress responded to the President's request for a million-dollar Management Improvement Fund.

### *Administration as Social Process*

WHILE we have duly reported key changes in organization and tools for improved administration, perhaps the most significant trend of the decade has been one away from emphasis on structure toward recognition of administration as social process. In 1950 a city manager could say quite simply at the annual convention of the International City Managers' Association that "management is the development of people." We can honor pioneer thinking going back to the time of Mary P. Follett while marking the decade of the 1940's as the time when top management became significantly conscious of human relations.

Within the organization this consciousness has reflected itself in efforts to enlist staff participation in the definition of objectives and goals, in greater stress on purpose than technique, in more demand for social knowledge

and understanding. There has been more conscious concern with "two-way communication." No need here to recite the devices more and more widely used to assure that every member of a far-flung team understands sympathetically what the team is doing: instructional systems, formalization and widespread distribution of policy statements, "A-B-C" conferences. During the decade modern science provided the telephone conference and telecon; modern social science provided even the municipal administrator with the employee attitude survey.

The change in the public manager's attitude toward employee organizations during the decade is worth a footnote. There are still vivid memories of the turmoil created in the late thirties by the appearance of a representative of a municipal employees' union at a city managers' convention. Administrators retired upstage and drew the toga of sovereignty around them. Today many of them would rather deal with responsible union leaders than rely on the formal processes of civil service regulations. They are worried about the pressure of employee groups more as lobbyists for higher (and more costly) standards of service than for wage increases or for political factions.

### *Broader Social Involvement*

THE sense of administration as social process has led officials to involve the public affected by the agency's actions in the making of decisions (OPA local boards, WPB local priority committees, selective service boards), and to seek advice from them in the early stages of policy formulation through committees representing economic or regional interests in business or agriculture or even in education, science, and culture (as in the statutory U. S. National Commission for UNESCO).

The decade has witnessed a broader understanding of the meaning of public relations by the administrator. "Public reporting" it was called in 1940, with a contest for the best annual report from a city hall. In 1950 the mayor of New York and his cabinet discussed municipal problems ad lib on TV with the aplomb of a Lyman Bryson or an Abe Burrows. At the beginning of the decade M. L. Wilson pioneered by introducing Rensis Likert and a small team into the U. S. Department of Agri-



culture, behind a door labeled something neutral like "program analysis" or "program survey." They started to use novel techniques of attitude survey to find out what tobacco or cotton farmers felt about the department's programs or proposals. Within a year the team was commandeered to help the President's entourage interpret the defense program to the American people. Similar teams guided the Treasury Department's war bond sales campaigns and gave military commanders a surer sense of the morale of their citizen army.

Look at Treasury Department Form 1040 of the years 1940 and 1950 for a striking example of improvement in public relations.

#### *Wider Use of the Social Sciences*

AT THE end of the decade the Russell Sage Foundation still deemed it useful to issue a small pamphlet, written in simple words suited to the understanding of the government official, on the care and feeding of social scientists: what to expect from them, what *not* to expect from them, and the conditions requisite for their fruitful collaboration.<sup>4</sup> Nevertheless, the forties will stand out in retrospect as the decade in which unprecedented wide-scale use was made by administrators of the emerging science of social relations.

Economists, lawyers, statisticians, even an occasional political scientist, had been familiar figures in the public service before. From the days of Boas and Hrdlička the Smithsonian Institution had sponsored studies of aboriginal tribes. But it was a new note to assign a cultural anthropologist like Margaret Mead to suggest how peoples' food habits could be modified so that they would eat what was available in wartime rather than demand what they had been accustomed to. It was new to assign an anthropologist to the headquarters staff of each relocation center of the War Relocation Authority, or to set teams of them to analyze patterns of culture of enemy societies to guide psychological warfare. "Content analysis" of enemy propaganda has been used both in the hot war and in the ensuing cold war.<sup>5</sup>

<sup>4</sup> *Effective Use of Social Science Research in the Federal Services* (Russell Sage Foundation, 1950), 47 pp.

<sup>5</sup> See Alexander H. Leighton, *Human Relations in a Changing World* (Dutton, 1949), "The Use of Applied Social Science," pp. 99-218.

The work of the social psychologists and sociologists in General Frederick Osborn's morale branch in the Army has been memorialized in four fat volumes. In collaboration with the psychiatrists they evolved new methods of group assessment, particularly for OSS, that have been carried over into peacetime civil service testing, even though readers of this *Review* have recently been reminded that the methods are still experimental.<sup>6</sup>

A long-time leader in public personnel administration reported to the American Psychiatric Association in 1950 the fruitful results of a two-year venture in self-understanding in which a dozen or more altogether "normal" middle-bracket executives in a federal agency met monthly, with a psychiatrist as leader, and discovered by group discussion some of the forces that were blocking them from effective dealings with superiors, colleagues, and subordinates. A city manager in 1950 told of administering a Rorschach test to all aspirants for the job of police chief.

The study of group dynamics, stimulated during the decade by the late Kurt Lewin, has provided a new analytic base for understanding how to make more useful that essential tool of administration, the committee meeting or conference—all the way from the farmers' discussion of crop control or rural electrification in a midwest county<sup>7</sup> to a session of an organ of the United Nations.<sup>8</sup>

Attitude surveys have already been mentioned, but it should be added that the decade saw the application of the technique to surveys of citizen preferences to guide city officials and councilmen in the allocation of funds in the municipal budget, notably, under the impetus of Loren Miller, in Kansas City and Detroit.

<sup>6</sup> Anna G. Douglas, "Shall Civil Service Endorse Science or Novelty?" *10 Public Administration Review* 78-86 and bibliography there cited.

<sup>7</sup> Compare the conceptual bases of two pamphlets emanating from the Agricultural Extension Service of the University of Illinois: *A Manual of Group Discussion*, by Lyman S. Judson, Circular 446, c. 1938, and *The Dynamics of Group Discussion*, by D. M. Hall, The Interstate, Danville, Ill., (1950), 65 pp.

<sup>8</sup> Walter R. Sharp, "The Scientific Study of International Conferences," *2 International Social Science Bulletin* 104-16 (UNESCO, Spring, 1950).

*Legislative-Executive Relationships*

THE decade witnessed manifold efforts to improve legislative-executive relationships in city halls, state capitols, and the halls of Congress. Legislative councils proliferated. The formal reorganization of Congress in the middle of the decade should have been a landmark, but it is disappointing to learn from Gladys Kammerer's report in this *Review* (Summer, 1949) that more than half the new appointees to the staffs of congressional committees are attorneys. It is apparently becoming standard practice for the passage of appropriation acts to be delayed well into the new fiscal year.

One gains more encouragement from the informal arrangements for closer cooperation like those established by John B. Blandford, Jr., as national housing administrator and Fritz Lanham as chairman of the House Committee on Public Buildings and Grounds for monthly reviews of progress and problems in the war housing program. The formal designation by several federal departments of men with the rank of Assistant Secretary for liaison with Congress is also hopeful.

But perhaps the most significant development of the decade in this sphere is the more frank and open recognition of the interrelationships of policy and administration, symbolized by Paul Appleby's sterling book, that makes the formulations of the 1930's seem sterile in their neat compartmentalization of policy-making as the role of the legislator, policy execution as the task of the administrator. City managers began to avow openly the role of community leadership that the best of them had practiced, having learned to distinguish it, to their own satisfaction, from invasion of the political function of the city council. An analysis of legislation in New York State early in the decade showed that more than half the bills introduced in a session originated in a department of the state government; and that the Governor signed almost none without the concurrence of the head of the department affected.<sup>9</sup> Today the proportion of bills sponsored by departments in New

York State would be more nearly four-fifths. Undoubtedly the war forced many Americans to dissipate the confusion in their minds between dictatorship and leadership and to recognize the essential role of leadership in a democracy. The career administrator knows that he must help his political chief to exercise that leadership.

*Intergovernmental Relationships*

FEDERAL grants to states and municipalities increased from approximately \$900,000,000 in 1939 to nearly two billion dollars in 1949. Such an increase inevitably brought changes in practices of intergovernmental relationships. Perhaps the most significant trend was the more common assumption by the supervising federal agencies of the role of cooperative counselor rather than policeman.

The war greatly stimulated intermunicipal cooperation and joint undertakings by municipalities that have persisted. One of the auguries for better intergovernmental relationships is the increasing number of municipal officers who have had experience in federal or state agencies.

*Integration or Proliferation*

ONE would like to spell a trend toward integration out of the municipal and state reorganizations during the decade that have reduced the number of bureaus and independent commissions and have moved toward more concentrated executive responsibility. Encouraging examples are reported in each volume of *The Municipal Year Book*. Special mention should be made of the increasing number of city planning commissions and civil service commissions that have been converted to departments with a director responsible to the chief executive, and in some instances with a commission, advisory or rule-making, appointed by the chief executive.

On the other hand, the same decade has seen municipalities undertake new activities—airports, housing, parking facilities, urban redevelopment—and has seen frequent creation of new special authorities to carry them out. Perhaps subsequent decades will see these activities in turn integrated with general government when they become accepted as routine.

One of the happiest trends of the decade has

<sup>9</sup> Elisabeth McK. Scott and Belle Zeller, "State Agencies and Lawmaking," 2 *Public Administration Review* 205-20 (Summer, 1942).

been the striking increase in the adoption of the council-manager plan, up from 517 in 1940 to 914 in 1949. There has been a concomitant reversion to the pre-depression practice of appointing nonresident managers and "promoting" managers of demonstrated competence from one city to another.

#### *Humanization*

DOES one dare venture a single summarization of all the "trends" so briefly brought under review? And, if so, might it be humanization? Over and over one hears thoughtful administrators, looking back over the decade, reflect on the trend away from mechanistic thinking and practice: the elimination of "layering"; more reliance on informal contacts and informal coordination; more reliance on management-minded men rather than on a box on a chart marked "management"; more recognition of "the authority of the situation" instead of the authority of command; more use of the emerging science of social relations.

#### *Coordination*

IN THE middle of the decade it was possible to say retrospectively, "Never before has a war required so much coordination and never before has there been so much brilliant work done in this field."<sup>10</sup> But if the second half of the decade was expected to bring surcease, it failed to do so. It can be asserted that the post-war President has continuously faced more

complex problems of coordination than the wartime President. During World War II our activities—already focused upon the unified purpose of winning the war—had to be coordinated with those of half a dozen principal allies. Neither the United States nor any other nation has yet solved the problems of coordinating its activities with those of sixty other nations through the organs of the United Nations and its specialized agencies. A recent comparative survey of national organization for participation in the work of international agencies formed a central subject of discussion at the Eighth International Congress of Administrative Sciences at Florence, Italy, July 25-August 3, 1950. Reports were received from more than a dozen countries in this study sponsored by the International Institute of Administrative Sciences and UNESCO.<sup>11</sup>

We enter, at the close of the decade, into another period when military and economic policy must be closely coordinated and when the power of our Chief Executive will be strained to the utmost to fulfill his ultimate responsibility—that of coordination. One may be confident that the changes in practices in public administration provide him immeasurably better equipment than was available to his predecessor in 1939.

N. B. Under the Pure Food and Drug Act, the phrase "decision-making" has not been used in this article.

<sup>10</sup> Herbert Emmerich, "Lessons of the War—A Summary," in *What We Learned in Public Administration during the War*, p. 114.

<sup>11</sup> Publication of the general summary by the rapporteur, Walter R. Sharp, and of some, at least, of the national reports is contemplated.

# Notes on Economic Mobilization

By HAROLD STEIN

Committee on Public Administration Cases

AS THESE words are written the battle line in Korea at last seems to have been stabilized; Congress is still debating a bill that would give the President allocation and other emergency powers. But by the time this paper appears in print, whatever the course of battle, economic mobilization will be under way and the initial character of the mobilization organization may well be apparent. If this paper were to attempt an up-to-the-minute summary of what has been done, its readers would find it obsolete. Its aim is accordingly more general: to point up some of the criteria by which the soundness of economic mobilization plans can be judged.

During the five years since V-J Day we have, painfully learned the lesson that the absence of war is not the equivalent of peace. During that period we have increasingly faced up to our worldwide responsibilities and as a nation have come to a far clearer realization of the task that lies ahead.

Our national policy is dedicated to the establishment of peace and freedom in the world; but we have learned that the dark shadow that hangs over us will not be easily or quickly dissipated. While striving for peace, we must be prepared for war, and adequate preparation is both a guard against annihilation, if war should come, and a *sine qua non*, if war is to be prevented.

Our own expanded mobilization and the strengthening of our friends will not be easy. We are committed to a policy that will ultimately involve sacrifice on the part of all and a high measure of courage and endurance on the part of the government. We must maintain military forces in being of sufficient size and of a composition to move quickly and effectively in the kind of limited military action that is now going on in Korea. We must also

maintain a high level of military and industrial mobilization capable of rapid expansion to full mobilization in the event of all-out war. And finally, as the strongest nation in the free world, we must carry on a program of military and economic assistance to other nations far larger than any heretofore envisioned.

What we face therefore is a period of substantial even if only partial mobilization for an indefinite length of time. For years to come we must be prepared to continue with far larger military and related expenditures than we have provided since 1945. It is still our hope that eventually we can arrive at a *modus vivendi* that will permit substantial disarmament; but that is a long-term hope. For the immediate future, even if we avoid all-out war with its unlimited drains and disasters, we must learn to live in the shadow of war.

## I

MOBILIZATION is not an absolute. We have been partially, though inadequately, mobilized. We have been spending about \$15 billion a year for defense, and additional billions for foreign aid closely related to defense. Some increase in these sums could be managed without the imposition of any new controls, perhaps even without an increase in tax rates. Even a fairly substantial increase (we can leave it to the economists to suggest approximate figures) could be managed with only a moderate degree of additional governmental intervention in the workings of the economy. But there is in economic mobilization a critical point not determined by any of the specific demands of military or foreign requirements for materials or equipment but by the over-all excess of demand over supply: what the economists call the inflationary gap. Supplying a quantitative estimate of the critical degree of

excess demand is difficult, but we have learned by experience that there is a point beyond which no tax law, no plan of compulsory savings, and no system of credit controls can keep inflation in check. When this point is reached or foreseen, the government must embark on a system of direct controls that will in time encompass business and agriculture and labor—that in time will govern the use of steel and the price of bread and men's wages and places of work and the amount of gasoline the millionaire can buy for his automobile. The task of government in such a situation becomes so infinitely more complex and broad in scope that the difference is one of kind as well as of degree. Regardless of fiscal courage and ingenuity, no nation can wage a full-scale war, or even full mobilization short of war, without a full economic control system.

Such a system presents enormous problems. At its peak in the last war there were, for example, some 60,000 paid workers in OPA and perhaps twice as many volunteers working devotedly in the local price and rationing boards. The controllers of all the other aspects of our economic life, the WPB, the NWLB, the WSA, the FEA, and the rest, could not perform their tasks without large staffs. The continuous process of staffing these agencies became for a long time a major governmental preoccupation. Problems of jurisdiction and of public relations grew acute. Far more significant for the nation was the mere chore of living and working within the complex of restrictions on meat and gasoline and the rest. Even the best planned and administered direct controls are painful, and their continuing existence is loaded with cumulative annoyances. In England where the discipline of society and respect for law are more deeply grounded than here, maintenance of the network of controls became steadily more onerous and enforcement more difficult. Comprehensive direct controls on prices and the like are not to be undertaken lightly, especially when the emergency appears to be of unlimited duration.

We must be prepared for a long siege. Obviously, we cannot shirk the burdens that are the inevitable accompaniment of adequate preparation for war and maintenance of the peace; but equally, if we can find ways and

means of handling this burden without the total network of controls, we will avoid the pains and frictions that the controls carry in their train; we will gain greatly from the preservation of greater flexibility and ingenuity in our economic system. Whether this avoidance will be possible with a two- or threefold step-up in military and related expenditures cannot be predicted with assurance. What can be said is that the people and the Congress and the President should establish drastically heavier taxes and far more stringent credit controls in a determined effort to avoid the need of over-all controls.

An initial reliance on fiscal devices for stabilization would have advantageous organizational consequences, for these devices are a mere extension or expansion of traditional governmental activities. The Bureau of Internal Revenue may need more inspectors and computers, the Federal Reserve Board may need more economists and examiners, but neither needs to break with its past. The administrative techniques are known, the administrative loci are obvious. The real task is political and far less the responsibility of the agencies than of the President, the Congress, and the people.

## II

AS THESE words are written, the policy of the Administration seems to be to try to weather the storm without general price and wage controls and all the other paraphernalia of all-out economic mobilization. But to avoid *general* direct controls does not imply a total absence of *all* direct government controls. Indeed some wartime controls have never been abandoned; we still have an export licensing system in operation, we still regulate the use of natural rubber, and we still have a considerable measure of rent control.

Administrative considerations are perhaps as important as economic factors in determining the imposition and nature of such specific regulations. A workable price control could probably be established for tin, an imported commodity handled in bulk by a relatively few dealers, if the cooperation of the producing countries is assumed; price control for meat, without rationing and a general price control



system and a large administering agency, is unthinkable.

Isolated allocation controls, whether voluntary or mandatory, are feasible, especially if they are addressed to the strategic point in the flow of materials. An excellent example is furnished by the existing rubber regulation. Leaving aside the problem of the government's synthetic rubber plants, the control is limited in its application to the use of natural and synthetic rubber in tires. There are only about fifteen tire companies (out of several thousand manufacturing concerns that use rubber), but these fifteen companies use about 70 per cent of all rubber consumed in the United States, and well over 90 per cent of all natural rubber. For the past two or three years the sole regulation has established the minimum permissible proportion of synthetic rubber that may be used in various types of tires. It can be seen that this regulation is addressed to the strategic point in rubber consumption; it produces a large return in the conservation of natural rubber while affecting an exceedingly small number of manufacturers. It is easy to administer and to enforce. The secondary consequences of concentrating on this particular strategic point in the industrial system are also significant. The regulatory staff is small; it is satisfactorily located in an inconspicuous spot in the Department of Commerce. The frictions of regulation are minimized and regulation is handled as a technical, virtually routine process. It is obvious that this approach is discriminatory: the manufacturer of unessential rubber novelty goods goes untouched, while the manufacturer of essential truck tires must conform. Yet the advantages to society of minimizing the regulatory impact by confining it to the strategic point in the system are overwhelming. Whenever possible, direct controls should conform to this pattern: maximum returns for minimum intervention in the economic system.

### III

IT HAS been suggested above that once defense expenditures mount above a certain critical point, fiscal devices alone, however stringent, can no longer stem inflationary pressures; the fiscal devices must be supplemented by a comprehensive scheme of price, wage, and alloca-

tion controls, and ultimately by a variety of other regulatory devices. But the need to adopt a comprehensive control system with all its inherent rigidities and frictions may arise even though the inflationary gap as such could be held in check by taxes and credit controls. Paradoxically, the need for the comprehensive system can be created by the existence of a sufficient number of unrelated allocation or price controls, or even by the establishment of a tight control over a substantial portion of the supply of only one or two critical materials. A hypothetical example will illustrate the problem.

If military and essential export needs require 10 or 15 per cent of our steel production, the steel producers can set aside this amount and still manage to keep their customers, especially the essential ones like the railroads, reasonably well supplied. With some moderate slowing up in demand by more stringent credit requirements for housing, automobiles, refrigerators, and the like, the gray market in steel would constitute an annoyance rather than a national problem. But if the military and essential export demands rise to 40 or 50 per cent of supply, the informal allocation scheme of the steel companies will break down and the government must assume the burden of total or semitotal allocation. This is a difficult task, and peculiarly so when some steel is available for nonessential purposes—for acceptable standards of allocation are absent, while failure to allocate would produce a disastrous scramble for what is left over.

Now the difficulties are compounded. Total or semitotal allocation of steel cannot be maintained for long without control of steel prices. And obviously it will be impossible to keep steel prices in line, or even reasonably in line, if the wages of steel workers keep going up. But if steel wages are frozen, or stabilized, the steel workers will forthwith insist that controls be established over the prices of food and clothing. And so the circle will widen.

These consequences are not an inevitable accompaniment of direct controls. A dynamic economy like ours cannot function with an absolute freeze of all prices and wages in any event; but relative stability can be maintained if the problem of the inflationary gap is ade-



quately solved by fiscal devices and if no unbearable strain is put on any of the key commodities like fuel or steel or copper or rubber. But an adequate over-all fiscal solution will not suffice if a large portion of the supply of one of the major critical commodities must go to military uses. This in itself will lead to a complete network of control such as we emerged from only five years ago. This outcome may be unavoidable; but as with the avoidance of general inflationary pressure by taxes and credit restrictions, so here the government should make the most energetic efforts to avoid overburdening the control system. Far better a direct limitation on the production of automobiles and a few other strategic consuming industries than the total or semitotal allocation of steel and copper.

At best the attempt to avoid the imposition of general controls will be painful, for the effects of the fiscal devices on demand will not be appreciable for several months. Perhaps with good judgment and political courage, we can get through the critical period of the next six months or a year without all-embracing controls; but prediction would be idle. All we can do is urge that the attempt be made, for with the clear possibility that ten or twenty or thirty years of partial mobilization may lie ahead, the establishment and maintenance of a complete control system would be a grim prospect indeed.

#### IV

ONE of the most debated problems in establishing controls over allocation of materials and prices and other economic matters that are ordinarily governed by consumer preferences, collective bargaining, and similar non-governmental decisions, is the kind and location of the organizations to administer the controls. Much of the debate is productive of heat rather than light, largely because the assigned reasons are not the real reasons. Congress may, for example, prefer to vest power not in the President but in the Secretary of Commerce because it anticipates a friendly response from him to certain congressional desires for certain types of administrative action that cannot be inserted in the legislation itself—but the decision will be enshrouded in a high-

sounding formula about the advantages of using established departments.

No single simple formula will suffice in any event, but there are a number of practical considerations that the organizational planners can bear in mind. The most consequential is one quite likely to be overlooked. It is mere size. It is possible, even probable, that initially at least the use of the President's allocation powers will require personnel to be measured in hundreds rather than thousands. A unit of this magnitude can probably operate more easily if it does not have to take on the responsibilities that go with autonomy; location within the Department of Commerce, for example, would have positive advantages. On the other hand, if the need for a far more elaborate control system becomes apparent, so that one can anticipate a new WPB with perhaps 30,000 employees, the advantages of removing the agency from Commerce and making it independent become overwhelming. If it is not removed, the tail will wag the dog, but it will also suffer from the unnecessary exercise.

Size is not the only factor to be taken into account. Some of the economic mobilization activities are alien to the work of any of the permanent departments of government. An assignment of such work to a regular department, especially when the work is likely to entail a burden of congressional and public resentment (price control, for example), is likely to leave the urgent task unaccomplished or carried forward in a half-hearted fashion. Permanent departments think in terms of permanent relationships, especially with Congress; they have an instinctive unwillingness to risk the displeasure of congressional committees by vigorous action in a distasteful and to them irrelevant cause, however important. When such activities are undertaken, the advantages of finding a shelter for a unit of not too great size may be overborne by the greater advantage of keeping the permanent agency free from the embarrassments of the activity and releasing the energies of the new staff from the inhibitions of a more established bureaucracy concerned with long-term relationships and permanent services.

In a recent press conference the President said in effect that the newly instituted reforms

in governmental management based on the recommendations of the Hoover Commission made it unnecessary to establish new agencies to handle the powers requested of Congress. There is a measure of justice in the observation. The heads of several permanent agencies have now been given greater power to control their agencies and to adapt structure to new functions; some of the central services of the government are more orderly and better organized. But the President's comment should certainly not be construed as a statement of permanent policy. A constant theme in the Hoover Commission reports (not always adhered to in specific recommendations) is the desirability of achieving the "greatest degree of unity in the departmental structure." What unity would remain in the Department of Commerce if it encompassed a new price control agency with 50,000 employees?

Other factors must also be considered. If it becomes necessary to secure the services of men like Donald M. Nelson, or Charles E. Wilson, or William H. Davis, or Elmer Davis—to mention a few of the persons who held important positions in the war agencies—the offer of a position as bureau chief in a regular department will hardly suffice. Nor would a bureau chief find it easy to secure the cooperation of major leaders of industry and labor from the bureau level.

And there may be need once again for the semi-independent agency where chief executives or staff or both are interlocked with executives and staff of a regular agency, like the WSA with the Maritime Commission, the WFA with the Department of Agriculture, the ODT with the Interstate Commerce Commission, and the PAW with the Department of the Interior in the last war. This particular device was found workable, or even essential, where the powers to be exercised included both new emergency powers and permanent powers of the related permanent agencies.

Finally, students of administration should not forget some of the political conditions that will circumscribe the freedom of action of Congress and President alike in organizing for economic mobilization. The great farm organizations could hardly be expected to permit controls over agricultural production to be

managed by an agency primarily devoted to industrial regulation (and so oriented), nor would the labor leaders be satisfied to see manpower controls handled in a similar fashion. Such preferences may be justified by sound substantive considerations, but they cannot be easily overridden even when they seem unwise.

As long as the emergency controls have relatively small impact, it may be possible to handle them through existing agencies. If the impacts grow, and the administrative and political burden becomes heavier, total submergence in the present governmental structure would hardly remain possible and would certainly create more problems than it would solve. Furthermore, an organizational pattern effectively adapted to growing needs in various sectors of activity could not stay uniform and the best organization for the next six months might be totally unsuited to the needs of the following year. From this assumption flow two practical consequences of importance. First, whatever emergency powers are enacted should be vested in the President; second, the President should have the power to create, modify, and abolish agencies to execute the emergency powers. (The same authority may be needed for the defense agencies, but that is another matter.) Other reorganization problems can appropriately be left for the present to the mechanisms of the Reorganization Act of 1949.

## V

WHETHER the emergency functions are vested in existing departments or in newly created agencies, the task of coordination remains inescapable. Coordination of policy is not a special or emergency task, but its difficulties are enormously enhanced by the emergence of diplomacy and strategy as overwhelmingly pressing factors in our national welfare, and by governmental assumption of responsibility for economic decisions normally left to the operation of the market.

Fortunately the Presidency—for the President must retain responsibility for the coordination of major issues—is far better equipped for this task than it was a decade ago. Coordination of military needs and activities has been facilitated by the establishment of the Department of Defense and the Joint Chiefs of Staff;

of military-diplomatic relations by the National Security Council; of military and domestic economic problems by the National Security Resources Board; of general economic policies by the Council of Economic Advisers. On a less formal basis there has been a substantial development since the war in White House-Budget Bureau coordinating machinery for legislative review; and lately the President has appointed W. Averell Harriman to improve the coordination of the strategic-diplomatic work of the National Security Council with the other activities of the government.

In spite of this imposing panoply of mechanisms, no one could claim that the United States government is characterized by an excess of team play. The machinery helps, but the discipline that must underlie such machinery is erratic. Nor is the present machinery specifically adapted to the complex programmatic coordination that an increasingly comprehensive economic control system requires.

Coordination was one of the major problems of the last war. In 1940 we began with NDAC; in 1941 we had OPM and OPACS, and later SPAB; in 1942, WPB and OES; in 1943, OWM; and in 1944, OWMR. (Coordination of foreign economic activities and of strategy also underwent a series of mutations.) These were the various agencies that had coordinating responsibilities in the general area of production, stabilization, and (with OWM and OWMR) manpower. In a confused fashion they stemmed from two alternative theories of administration: coordination by consolidation, and coordination by program and policy determination. Both theories have ardent advocates today.

The chief advocate of coordination by consolidation is Bernard M. Baruch. Once again, as so often in the past, he has called for centralization on the home economic front by the establishment of one big agency. The prime difficulty with the proposal is that while the proposed agency is far too big and too diffuse for effective internal management, it still is not nearly big enough. It is true, as Mr. Baruch has so brilliantly pointed out; that there must be an intimate relationship between controls of materials, wage controls, and price controls; but it is at least equally true that wages and

prices are intimately and inextricably related to agricultural production and distribution. The one big agency should, therefore, to carry out its coordination function, also include the Department of Agriculture, or, at least, the War Food Administration (to use the last war title). But shipping likewise affects production and prices and wages. The big agency should take under its tent the WSA, the Maritime Commission, and the ODT. Even this is not enough. Intimately connected with the foregoing are export and import controls and other foreign economic activities. The one big agency will need to take over the FEA. And how can the agency be held really responsible unless it administers the taxation, credit, and loan functions of the Treasury and the Federal Reserve Board and the agricultural and housing and other loan and credit institutions of the government?

It is unnecessary to carry the tale further. No single agency can include all of the activities of government that affect large-scale economic mobilization. Such an agency would be the virtual equivalent of the whole government on the domestic front, and the head of such an agency would virtually supersede the President in almost all domestic and many foreign matters. Its difficulties of internal management and external relations with clients and interest groups would be fantastic.

Coordination by consolidation is a blind alley, and this conclusion can be based not only on *a priori* considerations but also on the experience of the last war. WPB represented a partial attempt at coordination by consolidation. As such it never worked. It proved reasonably well adapted to its own large but definable task of industrial mobilization—the allocation of materials and control of industrial production. It proved incapable of acting simultaneously as the over-all policy agency to establish objectives and to keep an attentive eye upon the activities of other departments; the other departments looked on it as another operating agency like themselves, and would not and indeed could not regard it as their policy superior. Ultimately, largely in response to congressional pressures, the President established the Office of War Mobilization for this

purpose, thereby abandoning the theory of coordination by consolidation.

The successes and limitations of OWM and its successor OWMR are a matter of record. There is a twofold lesson to be drawn from the tale: first, that central coordination cannot be executed by an agency with operating responsibilities, and second, that the success of central coordination is dependent on a mixture of political wisdom and advance economic planning or programming. OWMR was not perfect nor is a slavish imitation desirable, but the function of basic program determination and settling major disputes must be performed. What the President will need is an assistant, with prestige and able to speak for him, who can set the broad economic objectives and decide policy controversies. Such a person would not be invisible and anonymous; his prominence would be an asset, and if it became a liability, he must be regarded as expendable.

At the beginning, the President's coordinator could operate with a minimum of staff assistance, and at no time should his unit be permitted to become large. The precise degree to which this function of economic policy coordination would need to be formalized and institutionalized will depend on the level of mobilization—the extent to which various agencies of the government become involved in detailed economic regulation. The task of securing a consistent government policy on taxation, credit regulation, and loans may be extraordinarily difficult and the specific task of the Treasury, for example, in drafting an excess profits tax may present great technical problems; but coordination for this purpose is primarily a matter of securing acceptance and political support, since the individual regulations do not affect each other directly. However, when a network of controls is established the situation changes radically: a textile production regulation must be geared in specifically with the corresponding price regulation; steel allocations must be consistent with manpower allocations; wage decisions must take into account production urgencies and stabilization standards. The area of central program determination expands and the number of major controversies not soluble in terms of established policy increases. With the increase in responsibility comes a need for an institu-

tional handling of the coordination job. Consistency in decision requires staff analysis; advance programming requires the establishment of definite procedures and routines.

Even the earliest stages of economic mobilization will require some consistent attention to the coordination of the control activities. Fortunately the President has at hand a device that can be used for the purpose, though not without some adaptation. He can call on the chairman of the National Security Resources Board. However, the use of NSRB presents a dual problem. NSRB has too large a staff, and it has another job to do. It is too large for the immediate task, because the only practical way a central coordination unit can refrain, as it must, from taking over operating responsibilities is by holding down the size of its own staff. NSRB's permanent job is to plan for total mobilization. It would be a grave mistake to let daily coordination activities submerge this function. But the problem is not insoluble; the chairman of NSRB could act as coordinator in a personal capacity; or he could make a formal division of responsibilities within NSRB with a special flexible unit handling immediate coordination problems, while the rest of the agency carries on with long-term planning. Thus he could see that the government's various mobilization activities move ahead hand in hand and not at cross purposes. What is important is not the particular device but rather the dual recognition that the White House cannot assume the fact of coordination without taking responsibility for oversight, and further that the organizational structure for coordination should be conformable to the actual living situation and not to an *a priori* notion of what a coordination agency should be.

## VI

THE environment of public administration is politics. It may be useful, therefore, in closing, to forecast some of the major areas of political stress where technical administrative planning may well be futile unless the political problems are also solved.

First and foremost is agriculture. It is unnecessary here to attempt an analysis of the sources of power of the organized agricultural interests. The power is visible. During the last



war it greatly affected the ability of the price control agency to maintain effective control of food and textile prices; it secured from WPB larger allocations of critical materials than the leaders of WPB, rightly or wrongly, felt wise. The pending Defense Production Act gives preferred treatment to agricultural commodities. The chief focus for agricultural pressures will be on prices and will presumably take the form of both direct intervention in pricing standards and energetic support of favorably oriented agencies.

American industry is far less capable than agriculture of organizing and focusing such latent political power as it may possess. The common voice of American business will hardly be heard except in the single area of taxation. Individual industries may prove to be sacred cows—publishing, for example, or real estate; and, sacred or not, some chaotic industries like garment manufacture will be a constant concern to all the control agencies. But it seems unlikely that there will be any organized general business resistance to industrial controls such as limitation orders or to the general idea of stabilization and manpower controls. On the other hand, the role of businessmen in the administration of allocation controls will be very great.

Last, there is the problem of organized labor as a source of political power. During the last war, there was a reluctant step-by-step progression into wage controls in spite of the universal active opposition of labor and rather widespread opposition of industry: agriculture provided the moving force. In the more critical area of manpower controls, labor and other opposition prevented the enactment of a national service act; and labor retained a large share of influence in guiding the activities of the War Manpower Commission. With full mobilization, the imposition of wage controls as a counterpart of general price control will cause no serious debate. Control of manpower, however (except for the draft), will present a harder problem. A good case can be made for the proposition that a national service act was never really needed in the last war—but we began that war with 8,000,000 unemployed. If full mobilization is superimposed on an economy with virtually no unemployment, labor

will quickly become the one critical shortage, and some type of national service act an inescapable necessity. An analysis of the political skills needed to secure not only enactment but acceptance of such a law lies beyond the scope of this paper. But successful administration of the law would presuppose certain requirements that may be noted. First and foremost would be rigorous enforcement of adequate and defined standards of working conditions and community facilities in every plant to which workers might be mandatorily assigned. Second, would be a detailed and perfected coordination of military procurement with labor assignment so that no man or woman would end a job without having a new assignment ready for him. And finally, there would be an urgent need for a continuous flow of statistical information so that the high policy decisions at the top would be reflected in actual happenings on the production line. The existence of a national service act in a democracy puts the art of administration to one of its severest tests.

## VII

IN THE last paragraph mention has been made of a striking difference between the economic situation as it existed in 1939 and as it exists today—a difference that is likely to result in the future in the emergence of a major problem requiring a kind of administrative solution that was never adopted in the last war. But the employment situation is only one of several striking changes in the economic and political climate. Civilian defense, taken light-heartedly in the last war except perhaps on the West Coast, is today of major concern. Action then with respect to actual or potential or suspected German or Italian or Japanese sympathizers or agents was (again with the exception of the West Coast) largely viewed as a technical problem to be handled by the FBI. Today communism, communists, fellow travelers (real and alleged), and the general problem of internal security are the cause of the most intense and widespread anxiety. The very nature of the international communist movement, operating as it does as the agent of Russian imperialism, presents us with a whole series of constitutional, legislative, administra-

tive, and social dilemmas that are almost without parallel, certainly without precise parallel in our history.

Perhaps the most striking difference between August, 1940, and August, 1950, is in the public attitude toward a potential war. In 1940, for untold millions of Americans the worldwide struggle then in process was England's war, or China's war—but not our war. But today the cold war (and the bloody fighting in Korea) are very much our war. If there is a worldwide conflagration, we will be in it and we all know it.

The climate of today is not the climate of 1940; and the course of economic mobilization will be affected by the differences. There are important lessons to be drawn from our recent history; but neither at home nor abroad

will that history repeat itself. Today we apparently face a long hard pull quite different from that which lay ahead in 1940. In the absence of active warfare, it will not be politically or administratively easy to achieve and maintain an adequately high level of mobilization. And mistakes that would be overlooked by the public in the stress of a fighting war are not likely to be forgotten in the comparative quiet of the shadow of war. An unnecessary extension or ineffective administration of controls might easily lead to popular revulsion and a tearing down of the whole structure, just as a failure to take steps that are necessary could lead to unreadiness and disaster.

Those who direct the continuous mobilization ahead will need all the support and thoughtful criticism they can get.

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## THE COUNTRY DOCTOR

### I. The Countryside and the Man

I am not at the helm of State, the decision of great questions of this kind is not within my province; but, setting these considerations aside, there are other difficulties in the way of laying down hard and fast rules as to government. In the matter of civilization, everything is relative. Ideas that suit one country admirably are fatal in another—men's minds are as various as the soils of the globe. If we have so often been ill governed, it is because a faculty for government, like taste, is the outcome of a very rare and lofty attitude of mind. The qualifications for the work are found in a natural bent of the soul rather than in the possession of scientific formulae. No one need fear, however, to call himself a statesman, for his actions and motives cannot be justly estimated; his real judges are far away, and the results of his deeds are even more remote. We have a great respect here in France for men of ideas—a keen intellect exerts a great attraction for us; but ideas are of little value where a resolute will is the one thing needful. Administration, as a matter of fact, does not consist in forcing more or less wise methods and ideas upon the great mass of the nation, but in giving to the ideas, good or bad, that they already possess a practical turn which will make them conduce to the general welfare of the State.

—Honoré de Balzac, *The Lily of the Valley, The Country Doctor, and Other Stories*, University Edition, Avil Publishing Company (copyrighted 1901 by John D. Avil), pp. 57-58.



# Reassessment in Puerto Rico

By D. A. RODRÍGUEZ

*Chief, Bureau of Property Assessment  
Puerto Rico Department of Finance*

and TRUETT B. MARSHALL

*Public Administration Service*

**I**N 1951 there will go into effect in Puerto Rico a completely revised assessment system, based upon recognized standards, methods, and procedures, that will provide the island with adequate and efficient assessment administration. The Bureau of Property Assessment will be reorganized on the basis of functions performed, and each division will be adequately staffed with trained, qualified personnel. The assessment system will be described in a manual that will serve as a guide for operating and maintaining the system. The insular government may expect, in addition to the usual direct benefits of good assessment practice, certain corollary advantages resulting from the information developed during the course of the complete mapping, description, inventory, and appraisal of properties on the island.

## *Features of a Good Assessment System*

**I**N ASSESSMENT, as in other fields of public administration, there is general agreement upon the things which constitute good practice and which collectively provide a framework of standards against which to measure a specific assessing system. Good assessing requires: (1) standards, methods, and procedures based upon sound theory and practice; (2) a competent staff properly organized to administer the system; and (3) necessary equipment and related facilities. The assessment system must be characterized by: (1) conformity with pertinent statutes and court decisions; (2) consideration of all factors affecting values; (3) uniform assessment of all properties (and at full value unless otherwise provided by law);

(4) determination of assessments by the assessor and not by the taxpayer; and (5) public access to information regarding the methods of determining value of property.

The processes of assessing real property for the purposes of taxation consist basically of the following:

1. The discovery of real property and its owner. This information should depend not upon declarations by property owners but upon records resulting from the use of accurate tax maps, official land records, copies of building permits, reports of fire losses, and scheduled field trips by assessing personnel.
2. The listing and recording of real property. Each parcel of property should be clearly described by number or other legal description, delineated on a tax map, and separately listed and recorded. An appraisal card should be prepared for each parcel and filed in geographical sequence with cross reference to an alphabetical listing by name of owner.
3. The valuation of real property separately for land and improvements. In the valuation process the assessor should utilize sales, income, and replacement cost data; urban land value maps; depth, corner, alley, and other space and position modification factors; contour, land use, and soil classification maps; land classification and unit values for each type of land; building classification plans and unit values for typical buildings within each category; cost schedules for items not included in basic structures; separate detailed appraisal of improvements not susceptible of accurate classification; and normal depreciation tables for various types of structures with provision for further adjustment when justified by evidence.
4. The development and use of a manual or handbook which incorporates all significant features of the assessment system.

*Assessment Practice in Puerto Rico*

THE system of assessing in Puerto Rico has been far short of acceptable standards. Property was not being assessed at its actual value, as provided by law, and different levels of value were imposed in different municipalities and even within the same municipality. Gross inequalities were common. Arrangements for administering the system through thirty assessment districts were inadequate in terms of organization and of numbers and training of staff. There was no assessment manual to guide employees or to provide a standard whereby uniformity could be achieved. Records were maintained manually, with resulting inefficiency and inaccuracy. Property descriptions were in many instances so inadequate as to make it difficult even to identify parcels. Transfers of ownership and building permits were difficult and sometimes impossible to process. The absence of tax maps was a sure indication that property was escaping taxation. The review of property values had for many years been restricted to occasional reassessments of properties for which transfers of ownership were recorded in the office of the registry of property; properties on which permits for new construction or alterations amounting to more than \$1,000 were issued; and properties on which a protest of the assessed value was filed by the owner or the mayor of the municipality, or upon the initiative of the assessor. Needless to say, this scattered and haphazard reassessing of some properties accentuated the existing inequalities. In other words, Puerto Rico, like many jurisdictions in the continental United States, has limped along for many years on an antiquated system of assessment administration.

*The Long Road to Improvement*

THE government of Puerto Rico has made a number of efforts to improve assessment practices since the establishment of its tax structure under the Revenue Act of 1901, which was put into effect soon after the start of the American regime. General assessment revisions were made in 1902, 1911, and 1917. While no satisfactory system was developed as a result of any of these projects, continued recognition was given to the need for establishing

such a system. In 1931 the Legislature provided that "the Treasurer of Puerto Rico prepare a scientific and equitable classification of all agricultural, residential, and commercial properties for the imposition of taxes." While this project was being conducted, a soil survey also was in process in Puerto Rico under the auspices of the Bureau of Chemistry and Soils of the United States Department of Agriculture in cooperation with the Insular Agricultural Experiment Station. The final report on the soil survey was not published until 1942 but the unpublished data were used by those who were charged with the responsibility of the reassessment. However, the development of methods and procedures for the appraisal of urban land and improvements was never completed and even the methods devised for determining the value of agricultural land, based upon the productive capacity of the different soils with modifications for distances to markets and ports, could not be put into operation because there were no maps showing property lines on which the boundaries of the different soil types could be delineated.

Undaunted by the previous unsuccessful attempts, the Insular Legislature enacted Law 117 of 1947 which ordered the treasurer of Puerto Rico to prepare a cadastral map of the island and to reassess all real and personal property. Under the law the treasurer was permitted to engage consulting services for the project.

In January, 1949, the newly appointed treasurer, S. L. Descartes, instituted a significant program of improvement in the Department of Finance of the Treasurer's Office that included: (1) a comprehensive administrative survey of the department, which was completed shortly after the middle of 1949; (2) installation of the organization and systems recommended in the report of the administrative survey; (3) installation of an assessment system involving the appraisal of all real property to be completed for the 1951 assessment rolls; and (4) revision of tax laws with a view to reducing their complexity, regressive tendencies, and adverse effect on economic expansion. Public Administration Service, with an extensive prior experience in administrative survey and installation work in Puerto Rico, was engaged to provide consulting assistance to the treasurer on all of

these projects, of which the installation of the assessment system was, of course, by far the largest undertaking.

### *The Project Setting*

THE basic plan of the assessment project was simple yet comprehensive in its objectives. The major objectives were to develop an assessment system which would incorporate as many modern and desirable assessment principles and practices as possible, to adapt generally accepted principles and practices to the particular requirements of Puerto Rico, to apply the system to all taxable real property on the island, and to develop a local staff competent to administer the system on a continuing basis in such a manner as to minimize the need for future over-all reassessments.

While approaches to the problem were, of course, based upon accepted principles and desirable practices in assessment, project planning was controlled by the circumstances characterizing Puerto Rico which made impracticable any quick and easy transfer to Puerto Rico of all practices considered good for the continental United States. Some of these local circumstances were favorable to the project and others resulted in project difficulties.

Responsibility for assessment lies with the insular government in Puerto Rico, which is based upon the Organic Act of 1917 as subsequently amended. This legislation provides for an elected Governor, an elected bicameral Legislature, and an elected resident commissioner who has a voice but no vote in the United States Congress. Except for the auditor and supreme court judges who are appointed by the President of the United States, all officials of the insular and municipal governments are either elected by the people or appointed by officials of the island. The Governor appoints department heads of the insular government, who, in turn, appoint the bureau chiefs. This general pattern of legislative and administrative authority is clear; it has worked to the advantage of the reassessment project which has enjoyed excellent official support.

The insular government is by no means the sole party in interest in the undertaking. The Organic Act authorizes the Insular Legislature to impose taxes and to delegate local taxing

powers to the municipalities. There are seventy-seven municipalities, each of which may be thought of as a city-county since municipalities are usually made up of an urban center and its surrounding rural area. Municipalities, in turn, are subdivided into districts known as *barrios*. The property tax has been a substantial component of the local tax structure and seems likely to continue to be the main source of revenue for the governments of the municipalities for many years to come. The total property tax rate on a particular piece of property is composed of the island-wide tax rate imposed by the Insular Legislature plus the municipal tax rate imposed by the assembly of the municipality in which the property is located. Except for accidental coincidence, this produces a different tax rate in each municipality. At the present time 66 per cent of the revenue derived from the property tax is allocated to the municipalities. Consequently, while assessment is a function of the Insular Government, local governments have a keen interest in the end result.

A number of examples can be cited of ways in which the development of an assessment system in Puerto Rico varies from ways in which it would be done in the continental United States. Puerto Rico, discovered by Columbus in 1493, has a longer history of property ownership, transfers, and development than most, if not all, other jurisdictions under the American flag. It has had no public land survey of the type characterizing much of the continental United States, and as a consequence, there is no system of townships, sections, and fractional parts of such units to assist in identifying properties and their limits. The *cuerda* (0.97 of an acre) is commonly used as the unit of measurement of rural land on the island. Urban land has always been valued in square meters, and, as a consequence, the front foot, a common unit of measure for urban land value in the continental United States, is a totally unfamiliar concept in Puerto Rico. As might be expected from the long history of the island, there are many buildings which are unusual in terms of type of construction, use, and age, and which cannot be appraised by conventional methods. In addition, many small difficulties have arisen out of the necessity for making English and Spanish

versions of the same material mean the same thing.

These variations from the ordinary have presented many interesting but not insurmountable problems in the program of reassessment. The principal problems, however, have resulted from the fact that the project is a large-scale operation employing a force at times as large as 600 men and covering approximately 3,435 square miles containing 77 municipalities, some 175 villages, and a total population of some 2.25 million. Stated another way, the project covers approximately a quarter million parcels of land and half again as many improvements; included are all types of urban development and approximately two million acres of rural land. It was clear from the beginning that the successful conduct of a project of these proportions would require careful planning.

#### *The Project Plan*

ONE of the initial decisions in planning the project was to organize the reassessment program independently of the Bureau of Property Assessment. This decision was made because it would be necessary to continue routine operations of the bureau and to assess property in accordance with the old standards and methods until the new system was ready to be installed and the reappraised values applied to all properties at the same time. Although the legislation enacted in 1947 provided for reappraisal of both real and personal properties, it was decided to reassess the real property first. This discussion, consequently, is limited to the reassessment of real property.

Project planning involved four phases: (1) a study of the legal requirements; (2) a survey of the existing system; (3) the development of an organizational plan and determination of personnel requirements; and (4) the preparation of budget estimates.

A study of the property assessment laws of Puerto Rico revealed no serious legal obstacles to the utilization of sound principles of assessment. It was found, however, that some changes in the legal framework were desirable to facilitate administration. The recommended changes were submitted to the Legislature and most of them approved.

A survey of the existing system of assessing

revealed many shortcomings of the type already mentioned. It provided a basis of familiarity with conditions which would presumably affect the development and installation of the new system.

The first step in the development of an organizational plan and the determination of personnel requirements was to compile a detailed list of the work to be performed. From this list an outline covering the entire project and all the operations required to perform the necessary activities was developed; an organization chart was prepared showing the various divisions under which the operations were to be performed. A pay plan for project staff also was established.

Reappraisal activities were divided into three broad categories: rural land appraisal, urban land appraisal, and the appraisal of improvements. A survey and mapping section was set up which prepares maps and aerial photographs for use in both field and office work by the groups concerned with these three types of reappraisals. A records control section in the office prepares appraisal cards which, together with the maps, are distributed as required for field and office use. When the maps and cards are returned they are issued to the computation section in the central office where the values of land parcels are computed from data appearing on the land value maps and the values of improvements are computed from data appearing on the appraisal cards. After the values have been computed the appraisal cards are sent to the punch card section where tabulating cards are made for billing and accounting purposes. The appraisal cards and the land value maps are then placed in their respective permanent files.

The project outlines, the position classification and pay plans, and the organization chart served as the basis for preparing the budget. Cost estimates, based on units of work and personnel requirements, were made for the specific work activities appearing on the chart and were expressed in terms of personal services, contractual services, materials and supplies, and capital outlay.

The organization plan and the employee requirements finally emerged as follows: administration, 24 employees; land survey, 146; map preparation, 54; records control, 19; com-

putation and recording, 33; urban land appraisal, 10; rural land appraisal, 80; building appraisal (urban and rural), 311; and consulting assistance by a varying number of members of the staff of Public Administration Service—usually about 6. Four citizen advisory committees were appointed to advise in the development of basic value information. There is one committee for each of the following kinds of property being appraised: rural land, urban land, improvements, and special structures. A total of fifty-seven members on the four committees are making valuable contributions to the project without compensation.

#### *Development of Tax Maps*

ALTHOUGH there were no tax maps in Puerto Rico there were some other maps, surveys, and aerial photographs that have been of considerable value in the construction of tax maps. The most important are:

*U. S. Geological Survey Maps.* The maps of the U. S. Geological Survey of Puerto Rico, 1943 edition, are used as a base for the rural tax maps and soil maps.

*Aerial Photographs.* The photographs of the aerial survey made by the Puerto Rico Reconstruction Administration are used for field recording of rural parcel boundaries, soil types, and physical characteristics. These photographs were enlarged to an approximate scale of 1:10,000.

*Soil Survey.* The soil survey of Puerto Rico, made by the U. S. Department of Agriculture in 1936, has been of some help. The book containing the results of the survey gives a good description of all types of soils in the island and a productivity index of the soil types. The soil map published as part of this survey is at a scale of 1:50,000, which is too small to show the details needed in the appraisal of individual parcels, but it has been helpful in locating the different soil types, especially the saline soils.

*Urban Land Use Maps.* The Planning Board of Puerto Rico had prepared urban land use maps at a scale of 1:2,000; these have been enlarged for use as tax maps.

It was decided to prepare two series of tax maps, one for urban parcels and one for rural parcels. The maps were designed to show, in

addition to the individual land parcels, such physical features as rivers, natural and artificial bodies of water, highways and streets, and municipal and *barrio* boundaries.

Each rural tax map is 26 x 13½ inches and covers a latitude of 17½ minutes and a longitude of 3¾ minutes, or one-eighth of one of the U. S. Geological Survey quadrangles. The entire series of maps for Puerto Rico (which includes the island of Puerto Rico and several adjacent islands) is numbered from 1 to 486. A separate set of soil maps is prepared on which parcel boundaries are not delineated. A transparent rural parcel map is superimposed on the corresponding soil map so that the boundaries for the different soils within a farm are shown and areas of each soil type can be readily computed through the use of planimeters.

For the urban tax maps the 1:2,000 scale maps prepared by the Puerto Rico Planning Board were enlarged to a 1:1,000 scale in order to show clearly the very small lots prevalent in most urban areas. Street alignments had been determined by transit surveys and the shapes of blocks shown on these maps had been determined by the stadia method. Parcel shapes and dimensions had been determined by tape measurements of property lines as shown by fences, which are present almost without exception, or by other evidence. It was decided that fence lines were so old in most cases as to constitute adequate evidence of the location of property lines and that it was practical to recognize them as property boundaries. The size of these maps is 26 x 13½ inches, the same size as the rural maps, but the area included in one rural map is 100 times that included in an urban map.

The maps are, being reproduced on cloth and will be bound in post binders containing 100 maps each filed in numerical sequence. A complete set of the maps will be maintained in the office of the insular assessor and each district assessment office will have a set of maps for that district. Each of the seventy-eight internal revenue collection offices will be provided with copies of the maps covering the property in its district, and sets of the maps will be made available to other departments of the government, many of which undoubtedly will find them of help in many ways.



In conjunction with the map system a parcel numbering system was instituted. In the absence of a system of townships and sections and other subdivisions commonly used in the continental United States, properties have been described by referring to municipalities, *barrios*, and adjacent roads, rivers, and properties. A parcel numbering system is always desirable, but under the circumstances prevailing in Puerto Rico the parcel numbering system is an absolute necessity for effective tax administration.

A parcel number consists of fifteen digits and gives the following information regarding the location of the property: municipality; *barrio*; urban or rural map on which it appears; block number; and lot or parcel number. If there is more than one building on a single parcel, each building is designated by a number. The parcel number appears on every appraisal card and all other records are keyed into the system so that properties can be quickly and definitely identified.

#### *Appraisal of Rural Land*

THE classification of rural land is based upon soil types, and provision is made for modification for such factors as slope, erosion, salinity, irrigation, drainage, accessibility of roads and other transportation facilities, proximity to towns, sugar mills, or markets, and the availability of such public utilities as electric, telephone, and aqueduct services. The *cuerda* (0.97 of an acre) was selected as the unit of measurement of rural land because it is the unit that is commonly used in the island for such land.

An intensive soil classification survey of the island was conducted to serve as the basis of rural land appraisal, since rural land derives most of its value from the soil. The type of soil is generally the most important single evidence of productivity, and hence of the value relationship between agricultural tracts. The survey revealed the area in *cuerdas* of each soil type in each farm and, after the average value per *cuerda* of each type was determined, provided a direct method for calculating the value of each farm.

Considerable research was necessary to establish values per *cuerda*. Sales, rents, and productivity estimates can all be used to as-

certain the dollar value of farms, from which the value per *cuerda* of different soil types within each farm can be derived. In Puerto Rico, however, it was not necessary to attempt income capitalization in any great degree because the insular Land Authority, during the past several years, has purchased considerable amounts of land and the appraisal reports as well as the amounts paid were made available to the reassessment project. The Land Authority purchases were all made on the basis of extremely detailed soil surveys, and the appraisal reports showed the value per *cuerda* paid for each type of soil in each tract. From these data, average values were computed for over 80 per cent of the soil types. Values for the remainder were established by productivity comparisons.

Graduate agronomists were recruited to make the soil survey, which was considerably more detailed than previous surveys. Over 300 soil types were recognized for the purposes of the project. Because of the advanced erosion in many areas and the very rugged topography of the island, five degrees of erosion and five degrees of slope were recognized and the data recorded on field maps simultaneously with the recording of soil type boundaries. A typical degree of erosion and slope for each soil type was selected and the unit values were adjusted for variations. Some soil in the island contains a high percentage of noxious salts and the presence of such salinity was also noted in the survey and deductions in value made for it. Irrigated soils were considered separately and different unit values were used for irrigated and nonirrigated lands even though they were of the same soil type.

The area of each soil type within each farm was determined by using planimeters on the maps. Adjustments of value for slope, erosion, and salinity were applied to the soil types. It was also necessary to modify the value of the farm as a whole for such factors as distance to the nearest market, utilities and public services available, and the general location of the farm. These modifications were made in the office at the time the land value was computed. The property records are now so complete that few changes, other than those dictated by shifts in general price level, should be necessary for many years.



*Appraisal of Urban Land*

URBAN land classification is based upon use, and all urban land is classified according to its best use for residential, commercial, or industrial purposes. The square meter was selected as the unit of measurement for urban land since it is the unit that is commonly used in the island for such land.

Urban land appraisal was basically a job of research. Two sources of information, sales and rents, were available in sufficient quantity to give a clue to the general level of dollar values in a given city, and these data were augmented by a variety of information to determine the value relationships between sections or streets. Land value maps, which brought together all the pertinent value information, were prepared and were used as the basic tools for establishing equalized unit values. Parcel values were then determined by a relatively simple computation.

Value information was derived mainly from interviews and rent analysis. Valid recorded sales were scarce, but informed opinions of real estate dealers, statements of property owners, and some actual sales prices were obtained by interviews. Rent information was widely available and, when capitalized, provided a fairly reliable check upon the information obtained regarding sales. Most sales and rental data were for improved property, so it was necessary to subtract the estimated replacement cost of the buildings from the total values to obtain the residual land values.

With the market value of representative parcels established, the appraisal of other lots was accomplished by comparison with the known values. Since the cities and towns of Puerto Rico are of dissimilar economic status, comparisons had to be made between the cities and towns as well as within them. The inter-urban comparisons considered such data as population, population trends, per capita income, tax collections, size of commercial districts, and municipal services. Relationships between rental values and these economic criteria could be established in many cases, which provided further clues to the values in other cities. Comparisons within cities involved the establishment of property use zones. The insular planning agency had not completed the zoning of

all cities and, even where zoning was complete, it frequently had limited value to the appraiser because it is, of course, designed for the future, whereas the appraiser is interested primarily in present land uses. Four use zones, corresponding closely to present use, were established for appraisal purposes: residential, commercial, semicommercial, and industrial. Comparisons within the zones depended upon such value influences as amount and type of traffic, especially in commercial areas; institutional or recreational facilities and neighborhood attractiveness in residential sections; and utility lines, street surfacing, and public transportation in all zones.

Since the unit values are expressed in dollars per standard unit of land, and since the majority of parcels are not standard, formulae were necessary both for reducing the sale value of a parcel to a unit value for comparison and, reversing the process, for computing a parcel value from an established unit value. Several such formulas exist and are in common use in the continental United States. They correct for nonstandard lot depths, proximity to corners, irregular shapes, and other special situations that are encountered in individual parcels.

In Puerto Rico, the selection of the formulas to be used involved a study of local conditions and, in some cases, modifications of continental practice to make them applicable. The unit that is commonly used for urban land in the continental United States is, of course, the front foot, which represents a rectangular tract having a street frontage of one foot and a constant depth. In Puerto Rico urban land has always been valued in square meters, and the front foot or front meter is an unfamiliar concept. It was decided, therefore, to adopt the square meter as the unit of land and, after a thorough study of existing parcel depths, a standard depth of twenty meters was selected. Depth curves were constructed for all four recognized land uses to make it possible to modify the square meter value for different distances from the street. A commonly accepted corner influence formula was used, but was adapted to local conditions by modifying its application to low-valued properties. Other formulas and tables not ordinarily used on the continent were needed for making shape cor-

rections, because of the large number of irregular shapes. Percentage adjustments were made for variations in topography. Using the various tables and corrections, a staff of computers calculated the values of the parcels. For each parcel a constant modification factor has been computed, which will permit easy re-computation of values in case of future reassessments.

#### *Appraisal of Improvements*

THE appraisal of improvements was the largest single operation in the reassessment. Values were determined by use of the replacement cost method which is reasonably accurate, is simple to apply, and insures equal treatment of all properties. It requires the accumulation of cost data and the recording of considerable detail concerning each structure, so that the cost information is susceptible of proper application. The key to the method is classification, whereby average costs are applied to all structures within a group.

The classification of improvements is based upon a rather complicated system. Buildings were grouped into four main classes according to construction type: frame buildings were designated "One"; masonry or mixed wood, concrete, and galvanized iron structures "Two"; reinforced concrete structures "Three"; and steel frame structures "Four." Each of these classes was divided into six subclasses based upon quality of construction ranging from the cheapest to the most expensive. Buildings were further classified according to use types, the major classifications of which were residences, commercial buildings, industrial plants, and farm buildings.

The classification of buildings was done in the field by inspection and in accordance with recorded building data. In order to allocate buildings to the proper class it was necessary to inspect each one in detail with considerable care. Construction features, size, and quality were recorded for the use of the appraisers in classifying structures and for use in computing the values of improvements.

Building costs were obtained from a variety of sources. Private builders and contractors, labor organizations, and public agencies provided most of the information. Costs-in-place of all materials were computed for the several

different types of buildings encountered. These costs, with allowances for profit and overhead, were reduced to averages per square foot of floor area. These square foot costs then became the basic units for valuing all classifiable buildings. Unit costs were computed for approximately 150 different classes and subclasses of buildings. In many cases it was necessary also to develop factors for intermediate grades between subclasses, and adjustments for variations in areas were made for all principal building classes. In addition to these numerous classes of buildings, costs were developed for hundreds of items not included in the class specifications. The values of highly specialized structures, especially the larger industrial plants, were established by individual estimates.

Depreciation schedules, based on life expectancy of the various major classes of buildings, were prepared and used to adjust the replacement cost new to present depreciated value. Some interesting problems arose, such as the life expectancy of old Spanish-type masonry buildings for which little reliable information as to age was available. A careful study of the structural features, the present condition, and the prospects of survival was made and depreciation schedules were developed based on the results of the survey.

Building values were computed by multiplying the proper cost factor per square foot by the area of the building, determining a "per cent good" from the depreciation tables, and adding the value of the other items. The building cost factors were keyed into a building cost index so that future revaluations can, by simple computations, be made to reflect changes in building costs.

#### *Administration of the System*

UPON completion of the reappraisal, the Bureau of Property Assessment will be reorganized as a part of the installation of the assessment system. The new organization will provide for five divisions: administration, methods, exemptions and appeals, inheritance tax, and assessment. Headquarters will be located in San Juan, and there will be six district offices located in principal cities of the island.

Both the insular and district offices will be

organized functionally so that complete advantage can be taken of staff specialization. In place of the present thirty assessment districts which have, to a large degree, insufficient and inadequately trained personnel, the six district offices will have an adequate number of qualified employees. The district assessor and appraisers will no longer be immersed in the details of clerical work; the new offices will have activities systematically assigned to a clerical section, a records section, and an appraisal section. Value research activities will be centered in the insular headquarters office where a technical section consisting of specialists in the appraisal of rural land, urban land, improvements, heavy equipment, and personal property will assist appraisers in the districts and make difficult appraisals, testify in court, and perform other work requiring their special abilities.

Office layouts will be replanned and inadequate equipment replaced with suitable modern equipment. Poorly designed appraisal forms that failed to provide essential information have been supplanted by new forms used in the reassessment project. Other record forms such as the tax roll, declarations of property owners, and transfers of ownership have been redesigned to conform with the new system and to provide additional, pertinent assessment information. A tabulating card system has replaced manual methods of record keeping and billing. The tax roll, tax bills, and statistical reports will be produced from such cards.

The reassessment system for Puerto Rico will be incorporated in a comprehensive manual that sets forth the principles, methods, and procedures used in the reassessment project that are to be utilized for continuous research and reappraisal. With the new assessment system in operation, Puerto Rico will have

trained personnel who, utilizing forms designed for the purpose and following established procedures, will accumulate, analyze, and process data concerning sales, rentals, crop yields, and commodity prices for estimating land values, and concerning building material, labor, and overhead costs for estimating the value of improvements.

As the project nears completion a number of results can be predicted with some confidence. The project should provide large benefits to governmental functions outside the assessment field. The large-scale gathering, analysis, and systematic recording of detailed data within a framework of well considered procedures should contribute not only to meeting the problems of assessment but also those of revenue administration, transfer and registry of land titles, and planning, zoning, and economic studies. The demonstration of the feasibility of recruiting, organizing, and training a large local staff for a special purpose and providing them with experience that qualifies them for continued operations is, in itself, noteworthy. Assessed values will be equalized and uniform appraisals established; properties now escaping assessment will be taxed; the tax base will be greatly increased; the new system will permit the maintenance of an exempt tax roll; and accounting for and billing of current taxes and arrears will be simplified so that these procedures may become routine and effective. The new system should be flexible enough to preclude the necessity of costly island-wide revaluations or the perpetuation of out-of-date assessments that result in loss of revenue and an unequalized distribution of the costs of government. Most important will be the contribution to the soundness of the government's financial condition resulting from placing a firm foundation under an important revenue source.

# Attitudes of NIPA Interns toward a Career in the Federal Service

By KARL E. STROMSEM

*Office of the Secretary  
Department of the Interior*

and MITCHELL DREESE

*Professor of Educational Psychology  
The George Washington University*

**D**URING the period 1934-1949 the National Institute of Public Affairs sought out top-level ability among the university and college students of the country and introduced this talent to the federal government through internships. Each year from 30 to 50 graduates were competitively selected for a program of broad training in government operations. The purpose was to develop a reciprocal interest between college graduates and the government for a strengthened federal civil service, particularly in the area of administration. The program was financed by the Rockefeller Foundation and had the active cooperation of officials in the government and in educational institutions. Before this work was brought to a close September 30, 1949, approximately 500 young men and women had been selected from 149 different colleges and universities and started toward careers in government administration and public affairs. Their quality and effectiveness led the United States Civil Service Commission and a number of departments and agencies to adopt the basic features of the National Institute's program.

Detailed records were maintained through the years for the 13 groups of college interns. In the late spring of 1949, as the project was drawing to a close, a two-part questionnaire was sent to each of these interns. From Part One, and the records already available in the files of the Institute, a directory was compiled and published which contained biographical

data on the 489 living college interns.<sup>1</sup> Part Two consisted of a series of questions designed to learn the attitudes of the interns toward a career in the federal service.

The purpose of this article is to present a résumé of these opinions. It is believed that the points of view expressed by the interns will be highly suggestive to public administrators concerned with the recruitment, selection, training, and supervision of promising young men and women for positions of administrative responsibility. The information revealed will also be of service both to college students and to those who counsel them concerning career opportunities in the federal service.

Part Two of the questionnaire was returned by 443, or 90 per cent, of the 489 living college interns. Of the total, 266, or 60 per cent, were men; 177, or 40 per cent, were women. The proportion responding was approximately the same for men and women and for all class years, with the exception of the first and second; approximately 80 per cent of these interns returned the questionnaires. The return of 90 per cent, which is unusually high for a questionnaire survey, is indicative of the cordial working relationships which have existed between the National Institute of Public Affairs and its former interns.

<sup>1</sup> *The Work of the National Institute of Public Affairs 1934-1949, A Summary* (National Institute of Public Affairs, Washington, D.C., 1949), 92 pp.

*Employment Status of the Interns*

THE present employment status of all 489 college interns could be compiled even though returns were not complete because it was possible to ascertain their present positions from other sources. Approximately 40 per cent of the interns are still in government service, with 34 per cent still in the federal service. Some 21 per cent are not currently gainfully employed, being either housewives or engaged in graduate study; 25 per cent are engaged in community and professional services; 12 per cent are in private enterprise; and 2 per cent are in miscellaneous activities.

Of the 266 men returning questionnaires, 52 or 20 per cent had not entered the federal service. Of the 177 women responding, 43 or 24 per cent had not entered federal employment. The first question on Part Two of the questionnaire was: "If you have not entered the federal service, please give the reason."

Although many of the interns gave more than one reason for not entering the federal government, it is interesting that 81 per cent gave as at least one reason future plans which precluded such employment. Only 8 per cent referred to reasons related to disadvantages of federal employment, and only 14 per cent indicated that appropriate openings in government were not immediately available. Some 18 per cent stated they had not entered the federal service because of a preference for a non-federal type of governmental career. Return to college or university was a reason given by 48 per cent of the men, compared with 7 per cent of the women. As might be expected, since the war many of the men have taken advantage of the G.I. Bill and have returned to college for graduate work.

A more detailed analysis of the reasons given, tabulated by year group, showed that in the prewar groups the reason "saw greater opportunity for service elsewhere" was more frequently given than with the war or postwar groups.

Of the 443 former interns returning questionnaires, 214 or 48 per cent had entered and left the federal service. In an attempt to ascertain why they had left, the following question was asked: "If you left the federal service, what considerations led you to leave?"

Excluding marriage which was given as the reason for leaving by 47 per cent of the women, the most common reason was "sense of frustration on the job," advanced by 22 per cent of those terminating their employment. Separation to take up graduate work and the decision to enter a type of professional career not found in government ranked next with percentages of 21 and 20 respectively. Another 20 per cent left because of a combination of reasons grouped together under "civil service policies." Only 21 of 214 leaving the federal service expressed dissatisfaction resulting from rate of pay or advancement. The men, however, were more inclined than the women to be dissatisfied with their rate of pay and to indicate a sense of frustration on the job. A more detailed analysis of the reasons for leaving, by year groups, showed that 50 per cent of those in the postwar groups who left the federal service had terminated their employment either to return to school or to marry.

*Dissatisfactions with Federal Employment*

IN A further effort to determine the dissatisfactions of federal employment, all former interns, regardless of present work status, were asked to indicate "the principal difficulties, if any, which stand in the way of a satisfactory career in the federal service." In tabulating the responses of the 333 interns who replied to this question, the individuals were divided into three groups: (1) those who had not entered the federal service, (2) those who had left the federal service, and (3) those who were still in the federal service. It was thought that the degree of significance to be attached to a response to this question would necessarily vary with the status of the individual with respect to the above three groups.

For the interns as a whole, the largest group of stated difficulties standing in the way of a successful career in the public service was classified under "problems of large-sized administration"; of the interns listing difficulties, 69 per cent mentioned specific difficulties which could be categorized under this general heading. These included such objections as "lack of opportunity for initiative," mentioned by 26 per cent, and "frustrations of small cog in big machine," also mentioned by 26 per cent. It is significant, however, that these difficulties



were mentioned more frequently by those who had left the federal service than by those who remained. These particular difficulties were thought of still less frequently by those who had not entered the federal service. "Slowness of change," "remoteness of those affected by action," and "specialization" were also mentioned as difficulties inherent in a large-sized governmental organization.

Three items pertaining to inadequate promotion policies were mentioned by 53 per cent of the total number of interns who listed career difficulties in the public service. "Lack of real career program" was mentioned by 36 per cent; "inadequate criteria for promotion" by 13 per cent; and "rate of promotion" by 4 per cent. Those now in the federal service were much more inclined to refer to these particular difficulties; 75 per cent mentioned one of the three.

"Inadequate financial reward, particularly because of salary ceilings," ranked third among the difficulties which stand in the way of a successful government career. It was listed by 26 per cent of the total group and by 36 per cent of those now in the federal service. Perhaps the revision of the salary ceiling which has gone into effect since these data were collected has changed this situation somewhat.

The "influence of the political process" on a career in the federal service ranked fourth among the difficulties which were mentioned, being referred to by 25 per cent of the total. This category included the "influence of the political process on program," "personnel appointments and retention," and "appropriations." Those still in the federal service were more aware of this kind of difficulty than those who had left or never entered government employment.

Only 14 per cent of the total group referred to difficulties pertaining to civil service policies and procedures. Those who had left federal positions were twice as inclined to mention such difficulties as those who had remained. The principal items in this category were "veterans' preference," and "difficulty of effecting dismissals." Only 9 interns of the 333 replying to this question referred to apportionment quotas as a difficulty. The principal objection of the civil service variety made by currently

employed interns was "difficulty of effecting dismissals."

Lack of public recognition of the work being done was mentioned as an objection by 11 per cent of the interns. Again, those still in the public service were more inclined to see this as a difficulty; 1 out of 5 indicated an awareness of this problem.

"Restrictions on freedom of expression and political activity" was felt to be a difficulty in the way of a successful career by 27, or 8 per cent of the entire group, but only 3 of this number were in the federal service. Apparently those who were actually working for the federal government did not find this a real problem, at least as late as the spring of 1949.

Only 7 per cent of the total number responding had experienced any difficulties in locating and securing desirable initial openings. A total of 6 per cent expressed the opinion that discrimination against women was a barrier in the way of a successful career. "Inability to sink roots because a successful career seems to demand movement" was mentioned by 4 per cent of the group.

In general, those who had not entered the federal service were less aware of difficulties than those who had entered and left or those who had entered and remained. However, those who had left the federal government were more likely to mention such difficulties as "problems inherent in a large-sized administration" and "civil service provisions affecting quality of personnel."

#### *Advantages of Federal Employment*

THE study was concerned not only with the difficulties which stand in the way of a satisfactory career in the federal service but also with the tangible satisfactions which come from such a career. All interns were therefore asked: "In the light of your experience, what are the principal satisfactions which come from a career in the federal service?" Again, the responses were tabulated according to whether or not the individual had never entered the federal service, had entered and left, or was still working for the federal government.

By far the most frequently stated advantage of a federal career was the very real satisfaction of promoting the public welfare through governmental action. This was referred to by 62

per cent of the 331 interns who replied to the question. Those who had left the federal service were less inclined to list this factor as a cause of satisfaction, but even with this group more than half referred to it.

Second in importance among the stated satisfactions was the stimulation which comes from playing a part in urgent, dramatic national or international affairs. This factor was mentioned by 37 per cent of all the interns. Those who had never entered the federal service were more inclined to list this reason; those who had left the employ of the government were far less likely to mention it; and those still working for the government held the middle position.

Next in importance ranked "the satisfaction of carrying important responsibilities even at junior levels." This reason was referred to by approximately one-fourth of the total group and by more than one-third of those still in the federal service. Practically none of those who had never entered the federal service indicated they felt this factor was a possible source of satisfaction.

More than one-fourth of the total group referred to the advantage of having high-type, stimulating, and congenial associates in the federal government. The "wide variety of interesting, nonroutine assignments" was mentioned by approximately one-third of those now working for the federal government as a cause of satisfaction, whereas only 3 of the 39 individuals who had not entered the federal service were aware of this possible advantage.

Reasonable security, scope of operations, the pay scale, steady advancement through the merit system, working conditions, leave provisions, and retirement provisions followed next in order as causes of satisfaction. The percentages checking the above factors ranged from 16 to 5.

Opportunity for travel was mentioned by only 4 per cent as an advantage of federal employment, and only 6 of the 331 interns referred to the possibility of rising to national leadership.

Thus, the stated satisfactions of a career in the federal service were numerous and varied. Although the interns mentioned many advantages which could be classified under "favor-

able employment conditions," the outstanding source of satisfaction stemmed from the realization that they were promoting the public welfare through broad, comprehensive governmental programs which gave them an opportunity to assume important responsibilities of a varied nature with congenial, high-type associates.

#### *Degree of Career Satisfaction*

**B**ECAUSE the satisfaction of the former interns with respect to their careers to date is a very important consideration, each intern was requested to respond to the following question: "How would you characterize your attitude with respect to your career to date? Please check the appropriate category. ( ) Unusually well satisfied; ( ) Rather well satisfied; ( ) Reasonably satisfied; ( ) Rather dissatisfied."

Again the replies were tabulated in three categories (never entered, entered and left, and now in the federal service), and the job satisfaction indexes of the men and women were tabulated separately. In computing an index of job satisfaction, a weighting of 4 was given to "Unusually well satisfied"; of 3 to "Rather well satisfied"; of 2 to "Reasonably satisfied"; and of 1 to "Rather dissatisfied."

The over-all job satisfaction index of the men and women interns, regardless of present employment status, was 2.9, or approximately the equivalent of "rather well satisfied." The women had a satisfaction index of 3.1, the men of 2.9, but the difference is not large enough to be statistically significant. The index of those who did not enter the federal service was 3.1; it was 2.9 for each of the other groups. Again, these differences must be regarded as statistically negligible. The lowest index, 2.7, was for women still in the federal service. This index was somewhat lower than that for women who left the federal service (3.1) and for women who did not enter the federal service (3.2).

An analysis of the job satisfaction index of interns by year group showed that the index of those in the prewar groups now in the federal service (3.1) was higher than that for the war groups (2.8) and also the postwar groups (2.9). This slightly lower job satisfaction on the part of the war and postwar groups is equally true

of those who did not enter the federal service. These results are probably attributable to the fact that those who were already established in the federal service prior to the outbreak of the war moved up rapidly to positions of responsibility. Since that time, new recruits have had to be satisfied with a slower rate of advancement.

In general, it can be said that the interns as a group are rather well satisfied with their careers to date. Of the total of 423 responding to the question on career satisfaction, only 17 indicated that they were rather dissatisfied with their careers. Of this number (14 men and 3 women), 13 had left the federal service.

#### *Advisability of Graduate Study*

SINCE most interns of the National Institute of Public Affairs are of potential Ph.D. caliber, many of them were confronted with the decision of whether or not to interrupt their career in the federal service in order to undertake full-time graduate work. The question was therefore asked: "If you interrupted your career in the federal service to take graduate work full-time, do you feel that it was a wise decision? Please check. ( ) Yes; ( ) Uncertain; ( ) No.

Of the 116 interns answering this question (84 men and 32 women), 90 per cent stated that it was a wise decision, and 10 per cent were uncertain. Of the women, the proportion answering "Yes" was 97 per cent; of the men, 88 per cent. The results just summarized were equally true of all the intern groups from the 1936 to the 1948 group.

The value of returning to school most emphasized by both men and women was that they gained renewed perspective and objectivity. "Added prestige opened more advanced jobs" and "additional training indispensable in a new governmental position" followed next in order with both men and women. The other comments were not offered with sufficient frequency to warrant elaboration.

#### *Career Plans of the Interns*

THE final item on the questionnaire was: "What is your vocational objective and plan at the present time?" Primarily, the pur-

pose of this question was to determine how many interns were planning to continue their present careers, and if they were not, what changes they were considering. The data were analyzed in terms of sex and the present employment status of the former interns. Housewives were excluded and treated in a separate tabulation.

Although some interns indicated that they were considering a change to a different type of employment, sometime in the future, 79 per cent of the men and 74 per cent of the women responding to this question were planning to continue their present careers. Only 4 per cent of the men and none of the women expressed complete uncertainty concerning their future vocational plans.

Of the 107 men now in the federal service who responded to this question, 93, or 87 per cent, were planning to continue their present careers. Of the 22 women, all were planning to continue working for the federal government. Only 5 per cent of the men now in federal employment were quite uncertain concerning their future vocational plans.

From the standpoint of longer-range career planning, it was learned that 7 per cent of the 107 men now in the federal service were considering a change to state, city, or international governmental service; 9 per cent hoped ultimately to get into college or university work; 10 per cent were planning to undertake full-time graduate study, and a similar percentage wanted to secure an advanced degree while still employed; 8 per cent thought that some time in the future they might leave the government service for private enterprise; and 7 per cent expressed the intention of leaving the administrative side of government for an active career in politics.

Of the 22 women planning to continue their career in the federal service, only one was considering a change at some future date to state government; 3 were looking forward to full-time graduate study, and one to entering private enterprise.

Of the 6 interns in state governmental service, all but one were planning to continue their present careers for the time being. At some future date, however, 2 would like to work for an international organization, one for a mu-

municipal government, and one for the federal service.

The question about vocational plans was answered by 44 former interns now employed in the educational field—33 men and 11 women. Of this number, 25 men and 8 women planned to continue their present careers, but 14 hoped eventually to enter the federal service, and 5 of the men expected to play an active role in politics sometime in the future.

Practically half of the 24 responding interns now practicing law hoped to work eventually for some government organization, and 5 of the 23 men expected to engage in political activity at some future date. All, however, planned to continue their legal careers.

There were 17 men and 14 women responding to the question on career plans who were enrolled in graduate study. More than two-thirds of the men and exactly one-half of the women expected to enter the federal service at some future date. Of the other 7 women, 2 hoped to enter a state service and 2 to work for an international political organization.

Of the 47 former interns employed in private enterprise who stated their vocational plans, only 7 were women. Although 27 per cent of the men indicated that at some future date they were considering transferring to the federal service, 86 per cent of the women and 87 per cent of the men were planning to continue their present careers. Here, too, a few of the men—7—hoped to play an active role in politics.

It is apparent from this survey of the future vocational plans of former interns that for the group as a whole approximately 75 per cent were planning to continue their present careers. In contrast with this group tendency, it is interesting that 90 per cent of those now in the federal service were planning to continue their present careers. With most occupational groups, with the exception of journalism, a considerable proportion were considering a change to government at some future date, and as many as 11 per cent hoped to engage actively in politics at some future date. A graduate degree was the goal of 17 per cent of all interns; 6 per cent hoped to study while still employed and 11 per cent anticipated a return to full-time study. It was rather surprising to

find that only 3 per cent of the former interns were looking forward to research and writing as a side-line activity.

Of the former interns who answered the question pertaining to their future plans, 66 were housewives. Recognizing that a housewife also has future plans and that a woman's opportunity for serving the public does not terminate with marriage, a tabulation was made of the expressed plans of this group. Two-thirds stated that their primary objective now was "home and family." The group as a whole indicated a variety of interesting future plans not incompatible with their marriage responsibilities. At some future date, 21 per cent hoped to take further academic training; 18 per cent to undertake greater community activities; 14 per cent to re-enter full-time gainful employment; 12 per cent to work on a part-time basis; and 6 per cent to do some writing. It is encouraging that a considerable proportion of the former interns who now have the status of "housewife" still find it possible to engage in community and civic activities and are looking forward to further training and service.

#### *Summary of Findings*

IN THIS article are summarized certain attitudes of 443 former interns of the National Institute of Public Affairs toward a career in the federal service. In view of the care with which these interns were selected, the thorough orientation which they received at the National Institute, the assistance which they received in locating their initial job openings, and their subsequent outstanding careers in governmental and nongovernmental organizations, the opinions of these former interns are significant. Some of the more important findings of this survey are summarized as follows:

1. Former interns who were gainfully employed were about evenly divided between governmental and nongovernmental positions. Approximately one-fifth were not currently employed, being either housewives or engaged in graduate study.
2. One-fifth of the interns did not enter the federal service, the principal reason being that they had selected an occupation in which there was little or no demand for workers in the federal government. Of this number, less than 10 per cent gave



as a reason any particular disadvantage of governmental work.

3. Almost half of the former interns who entered the federal service had left for one reason or another. Excluding "marriage," which was the most frequent reason advanced by the women, the most common cause for separation was "sense of frustration on the job." Close second and third reasons were desire to return to college study and plans for a professional career not available in government. One out of 5 left because of objection to some civil service policy, but only one out of 10 expressed dissatisfaction resulting from rate of pay or advancement.

4. When all former interns, regardless of whether or not they had worked for the federal government, were asked to state the principal difficulties which stand in the way of a satisfactory career in the federal service, more than two-thirds referred to specific difficulties classifiable under "problems of large-sized administration." As might be expected, these difficulties were more frequently mentioned by those who had terminated their governmental employment than by those who remained. "Lack of a real career program" was referred to by more than one-third of the group. More than one-fourth voiced the objection of "inadequate financial reward particularly because of salary ceilings." The influence of the political process on program planning and personnel appointments was a source of dissatisfaction to about one out of 4 respondents. No other disadvantage was mentioned by as many as 25 per cent of the group as a whole, although specific objections to civil service policies and procedures were rather frequently referred to by those who had left the federal service.

5. On the positive side of the ledger, the expressed satisfactions which come from a career in the federal service were many and varied. Foremost among these was the satisfaction of helping to promote the public welfare through governmental action. Second in importance was the stimulation which comes from playing a part in urgent, dramatic national and international affairs. The satisfaction of carrying important responsibilities even at junior levels was also considered to be an advantage of federal employment. This was followed closely by the advantage of having high-type, stimulating, and congenial employee associates. The wide variety of interesting, nonroutine assignments, reasonable security, a satisfactory pay scale, advancement through the merit system, and leave and retirement provisions were factors less frequently mentioned, but nevertheless they were specifically expressed sources of satisfaction.

6. When asked to characterize their attitude on a

four-point scale with respect to how well satisfied they were with their careers to date, the former interns indicated that they were "rather well satisfied." No statistically reliable differences were found between the total group in the government service and those in nongovernmental employment. The women still in the federal service were somewhat less well satisfied than those who had never entered or had left. Only 17 of 423 stating their degree of job satisfaction indicated that they were dissatisfied with their careers to date and only 4 of these were in the government.

7. Of the 116 interns who had interrupted their careers in the federal service to take graduate study full-time, 90 per cent stated that it was a wise decision, and none stated that he was certain he had made a mistake in returning to school. The values most frequently mentioned pertained to the added occupational competency and prestige which resulted from graduate training.

8. All of the former women interns and 9 out of 10 of the former men interns in the federal service were planning to continue their present careers. However, a number indicated that sometime in the future they might change to a different type of employment. Those in nongovernmental employment were somewhat less inclined to continue their present careers, but they are also a relatively stable group. Many were considering a possible change to a governmental career after further experience or training.

9. Former women interns who are now housewives have remained active in civic and community affairs and many of them were projecting plans for the future which involve further education and employment on a part-time or full-time basis.

### Conclusion

It is apparent that the federal government has faced and will continue to face stiff competition for the services of promising administrative talent of the caliber of the National Institute of Public Affairs intern group. Despite the favorable circumstances under which this group was introduced to the federal government, 40 per cent were engaged in nongovernmental careers in the spring of 1949. The attitudes revealed by the former interns toward career opportunities in the federal government showed that positions exist in government sufficiently challenging to grip the imagination and fire the enthusiasm of the most capable college graduate and to produce a high degree of job satisfaction. The data also showed that there are certain difficulties which



stand in the way of a satisfactory government career. Many, however, can be alleviated through improvements in management.

The satisfactions which loomed greatest and the dissatisfactions which were most pronounced among the former interns centered around factors other than pay, job security, and physical working conditions. They pertained to the challenge of a real job to be done

which would provide a genuine sense of accomplishment. Beyond that was the desire to have the opportunity to develop and grow through experiences of ever increasing responsibility. Any successful program of recruitment, training, and supervision of promising young administrators must recognize the motivating quality of these ideals and provide an opportunity for their expression.

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#### The General Administrator

When he speaks to another man who understands all things, there will be similar understandings in their minds. When he speaks with the multitude, he examines their appearance and acts in accordance with their nature. Although his illumination embraces all law, he does not use it to overtop men. Although his intelligence is resourceful, he does not use it to go ahead of men. Good words proceed from his mouth, but stop where they are sufficient. He passes and does not press the vulgarity and mistakes of others. He describes what others have in mind. He aids the capacities of others. He does not so use his facts as to offend others who are incapable. He does not speak so as to exemplify that in which he excels. Whether he speaks directly or indirectly, he has nothing to fear. He will gather the beautiful sounds of the insects, and praise the accidental attainments of the foolish man. There is propriety in what he takes and gives. He is proper in going and staying. When others are at the height of their anger, he will freely apologize. When he wins a debate, he will not be arrogant because of his victory. His mind is balanced, and his determination is instructive, without reproofs or negations. It aims only at the attainment of *Tao*. With a man like this, one can discuss the warp of the universe, and the law of things.

—From the *Jen wu chih* of Liu Shao, circa 240 A.D. in J. K. Shryock (translator), *The Study of Human Abilities* (American Oriental Society, 1937), pp. 117-18. (Out of print)

# In One Consent

By ROWLAND EGGER

Director, Bureau of Public Administration  
University of Virginia

For government, though high and low and  
lower,  
Put into parts, doth keep in one consent,  
Congreering in a full and natural close,  
Like music.

—Henry V, Act I, Scene 2.

THE discussion of relations between municipalities and higher governmental levels in the United States is complicated by a number of factors. The first of these derives from the federal system, and from the fact that the municipalities in the United States are creatures of the states, without organic relationships with the national government, which means that there are forty-eight different systems of state-local relationships rather than a single system. It follows, also, that in relationships with the national government, the subjugation of municipalities to the varying laws of the states creates very fundamental differences in relationships between the local and national governments. Moreover, the essentially pragmatic development of municipal law and administration has resulted in the existence in the same state, side by side, of two or more systems of state-local relationships (i.e., both legislative and home-rule charters, and sometimes classified or optional charters as well).

The second major difficulty stems from the high degree of libertarianism which obtains in American government. Laws, rules, and regulations of ostensibly general application

throughout the nation or throughout a state are actually subjected, in their local operation, to very substantial adaptation to local economic, civic, and social determinants.

The third major difficulty proceeds from the sheer number and diversity of forms and functions of local government in and among the several states, and the consequent impossibility of arriving at descriptive generalizations that do not excessively distort the actual facts of American local government and administration.

A report sufficiently detailed to convey a true picture of state-local and national-local relations is clearly beyond the limits of the time which this Congress has available for the consideration of municipal government in the United States.<sup>1</sup> The requirements of the Congress will rather be served by an attempt to distill from the experience of the municipalities, the states, and the national government those basic principles of intergovernmental relations which appear to have validity within

<sup>1</sup> The literature in this area, for those who wish to familiarize themselves with the details, is most bountiful. Among recent publications are: Council of State Governments, *State-Local Relations* (The Council, 1946); Council of State Governments, *Federal Grants-in-Aid* (The Council, 1949); *National Commission on Intergovernmental Relations*, Joint Hearings before the Subcommittees on Intergovernmental Relations of the Committee on Expenditures in the Executive Departments, Senate of the United States and House of Representatives, 81st Cong. 1st sess. (1949); the various reports of the Council on Intergovernmental Relations and its five experimental local councils (for list of studies and review, see 9 *Public Administration Review* 119-25 (Spring 1949)); Rowland Egger, *Municipal Autonomy in the United States of America*, paper presented at the seventh International Congress of Local Authorities, Paris, July 6-12, 1947, Document 277-3, reproduced in mimeograph form by the American Committee for the International Union of Local Authorities, 1313 East 60th Street, Chicago 37, Illinois.

NOTE: This article is a slightly modified version of a paper given before the Third Inter-American Congress of Municipalities (now the Inter-American Municipal Organization), which met in New Orleans May 1-5, 1950. A resolution adopted by the Congress on Relations between Municipalities and Higher Government Levels, Especially as Regards Finance, appears at the end of the article.

the context of our governmental system, and to leave to the judgment of the members of this Congress the extent of their compatibility with experience elsewhere in the Americas.

#### *State-Local Fiscal Relations*

*General Considerations.* The enormous expansion in the activity of state and local government in the United States in the last thirty-five years, which has involved the improvement of old and the development of new revenue sources, major changes in the techniques of state and local administration, and drastic alterations in even the basic forms of municipal government, has not been accompanied by appropriate changes in the orientation and methods of state-local relations. In short, while both state and municipal governments have greatly modernized and improved their internal organization and operating methods, they continue to handle their interrelationships in much the same manner as these affairs were managed a half-century ago. As the total area of social service has come to be more and more fully occupied by governmental activity, tolerances have decreased and friction has been accentuated. A comprehensive attack on the causes of these frictions must be made before the basic machinery of democratic government is permanently impaired. The states are legally and financially superior to the municipalities and have the primary responsibility for initiating reforms in state-local relations, although the solution of the problem involves not merely the passive consent but the active co-operation of the local governments, and they should therefore be made parties to the planning of a new pattern of state-local relationships.

Three basic objectives appear to dominate proposals for the reform of state-local relations:

1. Municipalities should be strengthened so as to permit them to perform their customary services and meet their day-to-day obligations promptly and efficiently; although their sphere of action is limited, a substantial area of local freedom is essential if vital local democracy is to be sustained.
2. Since the end objective is a self-reliant local polity, these services and obligations should be provided for by locally levied taxes and other charges to the maximum possible degree.
3. State supervision of those phases of local gov-

ernment in which the state is legitimately concerned should be strengthened and reoriented to concentrate on the end product of local government—the maintenance of services of state-wide importance at a high level of social and economic efficiency under integrated and locally responsible local control.

#### *The Fiscal Potential of Local Government.*

It is a truism requiring no elaboration in this report that the economy of the United States has for some time largely been, and is increasingly becoming, organized on a national scale. The displacement of small retail outlets by chain stores, the consolidation of public utility empires, the expansion and diversification of corporate activity, the expansion of federal control in the fields of labor, banking and credit, and commerce, and perhaps of even greater importance, the impact of federal taxing and spending on the national economy—all have strengthened and emphasized the national character of the economy. A substantial amount of the revenue of almost any state in the United States, no matter how extensive its geographical jurisdiction, is derived from tapping a continuum of economic activity, a relatively small part of which has both its origin and termination within the state. Taxes on corporate net income, public utility companies, insurance companies, and a large number of other levies involve complicated formulas for the allocation of such items as taxable net income, gross receipts, and premiums. The gasoline taxed to support the highways is in many states all produced outside the state, and the state merely intervenes at a strategic control point in the economic process to secure its revenues.

These facts—the national character of the economy, the limited geographical and taxing jurisdiction of the state governments, and the even more limited geographical and taxing jurisdictions of the local governments—are of fundamental importance in considering the relative fiscal potential of the municipalities. Clearly, from the standpoint of the adequacy of geographical and legal jurisdiction, the federal government is in the strongest taxing position of any public authority in the United States, but even the federal government has its troubles with the far-flung chemical, tin, and rubber cartels, and the international industrial

empires of steel, automobile, and other manufacturers. Some of the difficulties deriving from limited state jurisdiction have already been described; there are many others, of which the extremely vexatious problem of the taxation of interstate motor vehicle carriers is only one. The state, however, because of its general regulatory powers, within constitutional limits is able to deal with these problems in a fairly satisfactory way, and to assure reasonably universal applicability of its revenue laws within its jurisdiction. Complex problems of reciprocity and interstate agreements are sometimes involved, but on the whole a state is able effectively to administer almost any tax it chooses to impose.

The situation of the municipality is substantially different. If few economic processes transpire wholly within the confines of a state, virtually none take place entirely within the jurisdiction of a local government. The chain store that avoids a business license tax on wholesalers by distributing from a center outside the municipality, or for that matter outside the state, is a recurrent illustration of the effects of geographical limitations. The local "order taking" office which accepts orders subject to confirmation in New York or Chicago is another. The contractor who operates from a "principal office" located in a rural area perhaps not authorized to tax the business of contracting or which taxes such business at a nominal fee, but who does millions of dollars worth of business in metropolitan areas, is still another. Moreover, the municipality has few general sanctions and regulatory powers with which to back up its revenue system. An interstate trucker must arrange his affairs, including his tax affairs, with the state authorities before he operates in the state at all. The payment of his state tax is a prerequisite to the right to do business, hence the tax is usually paid promptly and in full. The insurance company seeking to sell policies in a state must arrange its affairs with the state insurance regulatory body before it collects a single premium. The foreign corporation entering the state must first satisfy the agency regulating corporate activities of its *bona fides*. But the locality has no such ancillary powers. It can, of course, proceed against a person or corporation failing to

pay taxes due *ex post facto* through expensive court action, but there are no procedures, with the possible exception of the registration of a deed to a piece of real estate, that serve automatically to put it on notice of activities subject to local taxing jurisdiction. Moreover, since it does not ordinarily have access to the complete financial records of many businesses operating within its jurisdiction, it must, if it attempts to tax business at all, utilize nominal flat rates or crude economic indicators which keep revenues from these sources at extremely low levels.

The frank recognition of the relatively weaker position of the local governments with respect to economic potential does not necessarily imply either the transfer of expensive functions now locally administered to the state, or the progressive substitution of state taxing power for local taxing power. It does not necessarily imply the continued expansion of grants-in-aid or the infinite proliferation of state and federal control. Proposals to meet the costs of greatly expanded programs of government service without reducing the localities to mere "remittance offices" of the state, and actually to strengthen and expand the self-reliance of the municipalities, have been dominated by three fundamental postulates:

1. The fiscal position of the municipalities is not necessarily strengthened or improved by the mere expansion of grants-in-aid. A failing enterprise has never yet had its economic health permanently improved by mere gratuitous contributions to its operating capital.
2. In principle, grants-in-aid should be restricted exclusively to the purpose of equalization—of assisting those localities whose economic potential as indicated by income payments to individuals within the corporate jurisdiction is not sufficient to finance, at the average state-wide rate of sacrifice, the essential public services at the level required for the general welfare.
3. Localities should be required to make full economical use, on the basis of objective standards and indicators, of the revenue sources currently available to them; they should also be given exclusive power with respect to all revenue sources susceptible to efficient independent local administration; and if these sources do not, on the basis of objective standards and external economic indicators, produce sufficient revenues to maintain the essential public services at the required level, or

do not provide the locality with a revenue equivalent to a specified percentage of total income payments to individuals within the community, then state sources—logically the individual net income tax—should be opened up to the local governments for the imposition of surtaxes. When, and only when, all of these measures have been taken to supply funds from *levies locally imposed*, should grants-in-aid be invoked to assist those localities demonstrably lacking in resources as indicated above.

At this point a distinction should be clearly drawn between the "thinking" of committees and commissions of inquiry and the "acting" of state legislatures. While almost every group, official and unofficial, which has studied the problem of state-local fiscal relations, including revenue source allocation and grants-in-aid, has agreed that local government is on the way to oblivion unless it can be given adequate resources for its own use, and the alarming increase in reliance on grants-in-aid reversed, a survey of legislative history of recent years reveals a sharp increase in an already drastically upward trend in the proportion of total local expenditures met by grants from superior governments. In this, as in many other things, we are not doing as well as we know how in the United States.

*Improvement of the Fiscal Capacity of Local Governments.* The essential unity of taxation and revenue-raising activities and expenditure policies—federal, state, and local—must be recognized and understood before substantial progress can be made in redressing imbalances and restoring desirable relationships between responsibility for raising money and responsibility for spending money. Governmental revenues, expenditures, and debt, like private revenues, expenditures, and debt, constitute a burden on and a contribution to the national economy. It is just as unrealistic to attempt to segregate consideration of money-raising and money-spending by levels of government as to attempt to isolate public and private financial operations.

While no definitive benchmarks for calculating the just and equitable burden that should be borne by each class of taxpayers are available, nonproperty taxation (personal and corporate net income, sales and use, etc.) has

on the whole been very greatly expanded both as to the number and variety of nonproperty taxes levied, and as to its relative productivity. Property or ad valorem taxes, on the other hand, have declined as to the true rates of the taxes imposed, and as to relative productivity. A recent upturn in true rates on property has interrupted the downward trend, but has not changed the relative yield positions of property and nonproperty taxes.

There are strong reasons for thinking that substantial improvement in the fiscal strength of local government could be achieved through:

1. The improvement of property assessment methods and procedures and the utilization of modern, scientific tax maps and property records, as well as the improvement of property tax collection procedures.
2. The elimination of unnecessary activities and the reduction of unit costs in the performance of essential services throughout large segments of the local government structure.
3. The prudent use of additional nonproperty taxes which are not, on net balance and in relation to the total components of the public revenue system, regressive and restrictive of economic activity and development, which are equitable, and which are susceptible to effective administration at the local level.
4. The opening up to local taxation of sources which require, for their successful utilization, the ultimate sanctions and larger geographical jurisdiction of the state, but which, with these sanctions in reserve and with the support afforded by already-developed techniques of state tax administration with respect to the same sources, can be effectively utilized by the localities (an example being a municipal surtax of a stated percentage on all state personal net income taxes levied within the local taxing jurisdiction).
5. The complete reorientation of grant-in-aid systems to restrict their purposes to equalization, to respond to need, effort, and ability of the locality in respect of the financing of the essential public services at the required minimum levels, to contribute to the stabilization of local finances, to encourage the elimination of geographically and jurisdictionally inadequate and uneconomic units of local government, and to permit and encourage a large degree of local initiative in the provision of services above state-established minimums and in fields in which no state standards are prescribed.



### *State-Local Legal and Administrative Relationships*

A PROGRAM of change which, in effect, reverses long-term fiscal trends in many states and with respect to many of the public services, and which seeks to restore local fiscal, institutional, and political dignity and self-sufficiency, obviously implies correspondingly fundamental changes in the legal and administrative relationships between the states and the localities.

*State-Local Legal Relationships.* The most urgent need of local government in the United States is the freeing of the local governments from legislative leading strings. In the administrative reorganization of state governments, the legislatures have recognized their inability to do more than establish basic standards for the conduct of state affairs and have delegated to administrative officials the responsibility for filling in the interstices and carrying out the major policies established by the legislature. With respect to local government, however, legislatures continue to act in many states as though they were entirely competent to legislate intelligently with respect to every detail of every local government within the state. Five major steps seem indicated if adequate discretionary powers are to be granted to the localities and the state legislatures freed from the burden of local legislation:

1. The elimination of state constitutional provisions restricting specifically or commanding specifically legislative action with respect to local governments.
2. The elimination of constitutional and statutory provisions scattering policy-making authority among large numbers of independent and uncoordinated local officers, boards, and commissions.
3. The establishment of constitutional home rule or extension of constitutional home rule to non-home-rule states, accompanied by the enactment of a system of general, optional (adoptive) laws, which will provide necessary minimum uniformity with respect to local organization and procedures, but will permit local discretion with respect to major forms of government and activities undertaken.
4. The prohibition of special legislation and the concurrent extension of broad powers to the localities by constitutional guarantee.
5. Most important of all, the precipitate halting

of the subversion of the principles of democracy by rural-minded state legislatures which ignore their constitutional responsibility for reapportionment in an attempt to minimize the electoral effectiveness of the citizens of the metropolitan cities; the United States has become an essentially urban country, and continued discrimination against the larger cities can well produce a political and constitutional crisis of the first order, especially when the returns of the 1950 census are available and the true measure of discrimination becomes apparent.

*State-Local Administrative Relationships.* State administrative supervision over local governments has increased enormously in recent decades. Its results have been both good and bad. In general, effective administrative supervision has occurred in connection with fiscal matters—local budgeting, local accounting, local debt administration, local assessment, and local expenditures for grant-in-aid programs. Administrative supervision over local police administration or over local justice, as well as many other areas in which the locality is in theory performing a "delegated" state function, has been loose or lax, or has lapsed. In the main, administrative supervision has followed the dollar. With respect to fiscal supervision, except in those states which permit or require state review and in some cases state amendment and revision of local budgets and fiscal plans without limitation, the effects of state supervision of accounting, debt management, and taxation have been favorable. No municipality has a right to do a poor job of assessment, to maintain inadequate accounts, or to mismanage its debt. State administrative supervision that has come with the expansion of the grant-in-aid programs, on the other hand, has not been equally constructive. Some significant accomplishments in the improvement of personnel and management standards must be recognized. But most grant-in-aid programs in the several states are tied not to standards of achievement but to standards of expenditure. A school system that spends \$250 per annum per pupil in average daily attendance is generally regarded by educational administrators as *ipso facto* twice as good as one that spends only \$125 per annum per pupil in average daily attendance.

The existing bases of state administrative supervision in the grant-in-aid programs would

seem to be in line for fundamental revision if proposals to reestablish substantial local fiscal self-sufficiency are successful. The whole process of school accreditation and certification, for example, will have to be grounded in the end objective of the public school system—*how much do the children learn?* It will necessitate a system of external examinations in which the eligibility of the school for accreditation, and the eligibility of the student for a state certificate of the completion of certain work, will be determined by the success of the school system in teaching the students the materials covered in a syllabus prepared by the state department of education. It will also provide objective standards by which the quality of the work of individual teachers may be measured: against the base point of intelligence and aptitude tests which tell pretty accurately what a student is capable of learning, how well has the teacher been able to lead and direct the pupil in the learning process? The state department of public welfare will have to devise standards of administration and techniques of appraisal that go much further than the mere arithmetic of fund matching, and reach into the effectiveness of social case work and assistance programs in restoring individuals and families to economic productivity and self-support, and into the skill and insight with which available assistance tools have been used in dealing with particular problems of need and maladjustment. In short, supervision and control will be forced to fundamentals—to evaluating the programs in terms of their end objectives rather than the often irrelevant fiscal mechanics of fund manipulation. When this time comes, we shall not only have vastly more local home rule, but substantially superior state supervision and control, and eventually perhaps even improved school teaching, improved social work, and improved public health nursing.

Since the function of the grant-in-aid system would be to equalize, rather than blindly to stimulate expenditure, all grants would presumably be block grants. The responsibility for determining how much should be spent, and in what manner, for vocational education, or for other specialties within the educational orbit, would rest not on the interaction of

special-interest groups both inside and outside the school system in their efforts to utilize the grant-in-aid process to maximum personal and professional advantage, but upon a local school board or local governing body that would run the school system as a community undertaking, primarily responsible for "transferring the experience of the race" rather than advancing the careers of professional arrivistes. In the same way, the local welfare department would function as a community undertaking for caring, in accordance with law, for the unfortunate and minimizing the social loss occasioned by individual disaster, rather than as an instrumentality buffeted by the "uplifters" in one direction today and another direction tomorrow.

In the tax and fiscal field, on the other hand, state-local administrative relationships would have to be greatly strengthened. Technical assistance in property assessment and fiscal management in general would require substantial expansion. The improvement of municipal accounting, including the standardization of accounting classification, the establishment of business-type budgets and accounts for utility and commercial undertakings, the establishment of capital budgeting, and so forth are extremely important in a system of state-local relations that depends on accurate information, promptly produced, and consistently maintained year in and year out.

In short, the restoration of local self-government and the halting of indiscriminate centralization has its price. It is not a matter of taking from the states and giving to the localities, any more than state centralization has been a matter of taking from the localities and giving to the state. State centralization has weakened, not strengthened, the state, because it has multiplied its vulnerability, diffused its resources, and impaired its ability to resist pressures. The rebuilding of local self-government, on the other hand, will strengthen both the localities and the state, because it will put the center of gravity of both policy-making and administrative action in the essentially local services back close to operations where problems can be seen whole, decisions can be made realistically, and the delusions of "free money" from superior levels are not present to

distort perspective. There is profound truth in Chester Barnard's maxim: "Not to make decisions that others should make is to preserve morale, to develop competence, to fix responsibility, and to preserve authority." The states have lost much more authority than they have gained by drifting into systems of state-local fiscal relationships that have transferred to the state capitols a great many decisions that should be made in the city halls and county courthouses all over the land.

#### *Federal-City Relations*

IT HAS been noted that organically there is no relation between the cities and the federal government; cities are the creatures of the several states, and their organization, power, and continued existence are derived from state, rather than national, power. While the municipalities have virtually no protection vis-à-vis the states at the hands of the federal government (*Trenton v. New Jersey*, 262 U.S. 182, 1923), there are many activities of the federal government which directly aid the municipalities. These result chiefly from the spending power of the federal government and encompass grant-in-aid programs extending to many kinds of public works and buildings, education, health, welfare and relief, public planning, law enforcement, housing, and a great variety of research and standardizing operations upon which cities are heavily dependent.

There are at least three areas in which urgent issues of national-city relations remain unsolved. First, shall the national and municipal governments deal directly with each other? During the period in the late depression in which the federal government was active in public relief, many direct national-local relationships were established in order to get relief projects quickly under way and to get federal funds into the hands of needy persons. In some areas this tradition of face-to-face dealing has continued. But in many fields of local government activity—the provision of public utility services, for example—the intervention of private-power-minded state agencies is thwarting both local and federal policy. State legislatures have increasingly attempted to restrict and confine powers of municipal action granted in the face of emergency conditions during the

depression. Most metropolitan areas have a much more vital stake in what Washington does than in what Baton Rouge does, or what Albany does, or what Springfield does, or what Sacramento does. To what extent, and for how long, shall rural-minded state legislatures, inimical to urban interests, rest athwart the lines of communication and cooperation between the national government and the centers of production?

Second, in approaching the implementation of its programs having an urban incidence, shall the federal government utilize the machinery of the existing municipal corporations, or shall it require the establishment of *ad hoc* "authorities" for its purposes? To date, the answer of the federal government has in many fields been in terms of the special authority. So far, the numbers of new and quasi-independent agencies which have been established have not created especially difficult problems with respect to harmonizing the policies of the local governments and of the special local authorities primarily dependent from the federal government. But there can be no question that these policies of the federal government, precisely as its grant-in-aid policies in respect of public assistance, have either created or have tended to sustain the maintenance of archaic and uneconomical local units or agencies, and have infinitely complicated the problems of securing integrated government at the local level. Nor is it an adequate answer to state the simple truth that the states had made a fairly incomprehensible mess of the matter long before the federal government entered the picture.

Third, shall the federal government take steps to deal with the impending crisis in urban finance by the development of a program on a nation-wide scale, in cooperation with the states, to improve their condition? Many cities have totally inadequate available resources to meet the demands for services which are being made of them. There appears to be little prospect of fundamental assistance from the state governments in many states. Any special assistance the federal government might give would, of course, be in default of state action, and by definition could not help to solve the problem of the organic health of the municipal

economy. At the same time the federal government cannot afford to permit critical conditions to develop in the metropolitan centers, which are not only important centers of population but major areas of production of materials essential for the national defense and welfare. It may, in short, be blackmailed into coming to the rescue of the local governments whose state legislatures are too unsophisticated or too incompetent to permit them to help themselves.

**The Third Resolution of the Inter-American Congress of Municipalities on Relations Between Municipalities and Higher Government Levels, Especially as Regards Finance**

WHEREAS: The financial resources of municipalities should be so strengthened as to permit them to perform their customary services and meet their day-to-day obligations promptly and efficiently;

The financial strength of municipalities is not necessarily improved by the mere expansion of subsidies from central governments; and

Since the ultimate aim of central-local relations is to secure a self-governing and self-reliant local polity, local services and local obligations should be financed from taxes and other charges levied by the local governments themselves to the maximum possible degree, *The III Inter-American Congress of Municipalities* RECOMMENDS:

1. That subsidies be restricted, in principle, exclusively to the purposes of equalization—of assisting those localities whose economic potential, as measured by objective economic indicators, is not sufficient to finance, at the general rate of sacrifice, the essential public services at the level required for the general welfare.

2. That municipalities materially improve their

own fiscal positions, and that central-local fiscal relations encourage them to do so, by the following methods:

- a. The improvement of property assessment by the utilization of modern, scientific assessment procedures, modern systems of property records, and efficient tax collection procedures;
- b. The elimination of unnecessary activities, and the reduction of unit costs in activities that are essential;
- c. The prudent utilization of nonproperty taxes that are nonregressive and not restrictive of economic development;
- d. The opening up to municipal use of tax sources which can be effectively utilized by municipalities with the technical assistance of the central governments in enforcement.

3. That localities make full economical use, on the basis of objective indicators, of all revenue sources now available to them, or which may be made available to them, before subsidies from the central governments are invoked to assist those localities demonstrably lacking in resources to meet the costs of municipally-administered public services.

4. That all subsidies be distributed on the basis of the need of the locality for funds, the ability of the locality to raise funds from its own sources, and the effort exerted by the locality in meeting its requirements.

5. That in establishing or revising the pattern of central-local legal relations, municipalities be allowed maximum autonomy in determining their own organization and operating methods and, subject to the requirements of the general welfare, in deciding the public services to be provided by the municipality.

6. That central administrative supervision over local government be directed toward the attainment of economy and efficiency in achieving the end-objectives sought by the essential public services, rather than mere conformity with respect to procedural details.

# Improvements in Federal Accounting

By T. JACK GARY, JR.

*U. S. Coast Guard*

LINDSLEY H. NOBLE

*Atomic Energy Commission*

and ALFRED R. GOLZE

*Bureau of Reclamation*

A SUSTAINED program is under way to improve accounting in the federal government. This program is based on joint effort by the General Accounting Office, the Treasury Department, and the Bureau of the Budget. Its beginnings go back to 1947. In order to give the effort adequate foundation, the Comptroller General, the Secretary of the Treasury, and the Director of the Bureau of the Budget formally approved the Joint Accounting Program on January 6, 1949, and assigned to it staff from the three cooperating agencies. Work under the program is being carried forward in practically all of the major federal departments.

The program has stressed the improvement of accounting in individual agencies through cooperative effort. This approach is designed to bring direct benefits to the agencies and to identify methods that have stood the test of experience for government-wide application. Progress in making accounting more useful for agency management has led to decentralization of accounting operations to the points of operating responsibility. Thus duplicating and overlapping accounting records as between central and field offices have been eliminated. Progress is also being made in the development and installation of procedures for integrating agency and Treasury accounting. In addition, improved accounting is being related to the concept of performance budgeting and the use of the accrual method of accounting to get at true cost and simplified methods of budgetary control.

At the same time, the General Accounting

Office is moving toward a type of audit built on the recognition that the accounting and internal control procedures of each agency are the main points for effective control of the government's financial operations. To the maximum extent practicable, the General Accounting Office plans to utilize audit processes that are based on an evaluation of the accounting systems and internal checks in the agencies, at the site of operations. Submission of accounting reports and related documents to the General Accounting Office is being materially reduced.

In defining centrally prescribed requirements, emphasis is being placed on principles and standards which incorporate general objectives but recognize the need for flexibility. Individual agencies are left free to exercise initiative and responsibility in developing detailed procedures and adapting their accounting to management needs at all levels. A foundation of government accounting is thus being built which fosters continuing responsiveness to management needs on the one hand and integration with budgetary processes and internal controls on the other. The three examples presented here suggest the nature of the whole program.

## I. THE ACCOUNTING IMPROVEMENT PROGRAM OF THE COAST GUARD

### *Origin and Objectives*

ALTHOUGH the Coast Guard normally operates as a part of the Treasury Department, it is transferred to the Navy Department when



the nation is at war or when the President so directs. During World War II, as a result of technological developments, the Coast Guard was assigned added responsibilities in operating new navigational aids. At the conclusion of the war, because these new activities proved to be of great value to peacetime commercial transportation, their operation was continued. Upon its transfer back to the Treasury Department in 1946, the Coast Guard not only had to budget for the additional activities, but also faced deferred maintenance accumulated during the war and the general rise in costs.

With a budgetary estimate much larger than in prewar days, it appeared desirable to obtain an objective evaluation of the Coast Guard's operations. A contract was entered into with a private firm for an administrative management survey of the agency. This contract was signed jointly by the Secretary of the Treasury and the chairmen of the Appropriations Committees of the Senate and the House of Representatives. Interestingly, the survey recommended that the appropriations of the Coast Guard be substantially increased. At the same time, the report made several recommendations for the improvement of administrative management, especially for a complete overhauling of the accounting and supply systems.

As a first step toward remedy, and after consultation with the Treasury and Post Office Subcommittee of the House Appropriations Committee, the Coast Guard established the positions of accounting advisor and supply advisor. Placing the two positions in the Office of the Commandant gave them the degree of recognition that is required in conducting improvement programs of major proportions. In addition, the incumbents were free to devote their full time to developing new systems and procedures, maintaining between them cooperative working relationships.

It was fortunate that the joint program sponsored by the Comptroller General, the Secretary of the Treasury, and the Director of the Bureau of the Budget was formulated shortly before the Coast Guard's accounting improvement was begun. All along the accounting staff of the Coast Guard has worked closely with the accounting systems division of the General Accounting Office and the techni-

cal staffs of both the fiscal service of the Treasury Department and the Bureau of the Budget. As a result of this cooperative relationship, basic changes have been developed in federal accounting practice, some of which involve entirely new procedures and concepts to be tested in the Coast Guard with a view to general adoption throughout the government.

Four changes of major importance have been approved: (1) comprehensive site audits to be made by the General Accounting Office; (2) simplification of collection procedures; (3) simplification of disbursing procedures; and (4) simplification of appropriation structure.

#### *Important Changes*

**I**N THE first place, shortly after the Comptroller General approved site auditing for the Coast Guard, he created within the general audits division of the General Accounting Office a comprehensive audit subdivision to conduct these audits. The Coast Guard was the first federal agency to be assigned to the new audit group. Representatives of the comprehensive audit subdivision are now making a survey of the Coast Guard's accounting system and operations.

The institution of site auditing is the most important step taken in developing improved accounting systems for individual agencies. Since this type of audit is in lieu of the traditional audit made of the accounts of accountable officers, the necessity of funneling countless documents into the General Accounting Office in Washington is eliminated. This not only makes for economy in handling paper but also permits a degree of flexibility in procedures for the flow of documents that could not be otherwise obtained. Moreover, since the advisability of the other three changes listed above depends upon the adequacy of internal control within an agency, it is doubtful whether approval for their adoption could be granted without an appraisal of these controls which the site audit affords. Finally, comprehensive site auditing will provide the management of each agency, the President, and Congress with an independent appraisal both of the extent to which fiscal policies have been observed and of the accuracy and reliability of

the agency's financial reports and underlying accounting records.

Second, the preparation of schedules of collection and the processing of collections through the accounts of disbursing officers have been eliminated as a result of changes in collection procedures. The change was first approved for the Maritime Commission and then extended to the Coast Guard. This change will accomplish economies in the handling of collections.

Third, simplified disbursing procedures are being developed which will provide not only economies in processing disbursement documents within the Coast Guard, the Treasury Department, and the General Accounting Office, but also a means of coordinating the Coast Guard's appropriation accounts with the corresponding central appropriation accounts of the government maintained by the Treasury. In particular, the preparation of requisition and accountable warrants will be eliminated. Primary responsibility for controlling expenditures within the amounts of available appropriations will rest with the accounting officers of the Coast Guard. The division of book-keeping and warrants of the Treasury Department will maintain its accounts in such a manner as to make them readily reconcilable with the corresponding accounts of both the Coast Guard and the Treasurer of the United States.

Fourth, the Coast Guard has been maintaining four appropriations for operating expenses for each fiscal year. Since appropriations are available for disbursement for three fiscal years, a total of twelve appropriation accounts is maintained for operating expenses. The appropriation language for fiscal year 1951 provides for the combination of all of these appropriations into a single account.

More important than the reduction of the number of appropriation accounts is the resulting simplification in the coordination of appropriation and cost accounting. Inevitably, there is a carry-over of unliquidated obligations in one fiscal year to the accrued costs of the following fiscal year. Through the maintenance of a single appropriation account for all three fiscal years, the necessity of reconciling accrued costs against the accrued expenditures of three separate appropriation accounts is eliminated.

#### *Features of the New System*

IN ADDITION, other basic changes were made. These were also developed cooperatively with staff members representing the joint accounting program. They are: (1) decentralization of accounting operations; (2) integration of the requirements of appropriation and cost accounting; and (3) provision for internal control.

If the premise that accounting is a tool of management is accepted, it follows that this tool should be placed as close as possible to the management level where it is to be used. Moreover, cost data on an accrual basis taking into account inventories and other assets can be more accurately and currently compiled at the locations where operations are being carried on. For these reasons, the accounts of the Coast Guard have been decentralized. Complete accounting systems—including general, allotment, and cost ledgers—will be installed in each of the twelve district offices and at seven of the field units that report directly to Headquarters.

Allotment accounts in order to control expenditures within the amounts appropriated and cost accounts to provide data on the cost of operations will be combined in a single integrated accounting system. Allotment accounts are few in number and are classified according to broad general purposes, with administrative authority over appropriated funds delegated to the various organizational units. Detailed cost accounts produce financial data on the cost of each facility operated by the Coast Guard by object of expenditure under each of the allotment classifications. Performance budgeting will be based on the data obtained from the cost accounts.

Allotments and obligations are posted to the allotment ledger only. Obligations are liquidated on an accrual basis—that is, in terms of services and materials received, rather than on the basis of checks issued. Simultaneously with the liquidation postings to the allotment ledgers, accrued expenditures are posted to an expenditure ledger. This ledger is used to segregate those expenditures applicable to operating costs from those applicable to asset accounts, such as inventories and receivables. Cost reports are prepared mechanically from

the cost accounts maintained in the allotment ledger. Initially, stores accounting—that is, the process of charging materials to inventory when placed in stock and to cost when issued—will be observed only for supply depots. This refinement of accrual accounting may later be extended to other facilities.

The Coast Guard maintains various bases and depots where repairs are made to the equipment and property of its facilities. A work-order system is provided for these operations so that costs may be accumulated for each job and charged to the facility for which the work was performed. The accounts of the Coast Guard Yard, the largest industrial facility, are being set up on a commercial basis under specific legislation; work orders here will include depreciation as a cost factor. This type of accounting may later be extended to other industrial facilities of the Coast Guard.

In addition to providing financial data for the use of management, the new accounting system incorporates recognized principles of internal control. This is accomplished through prenumbered forms where appropriate and the establishment of predetermined controls over accounting documents at the nearest practicable point from their origin. An example is the control developed for military pay and allowances, which is similar in principle to that prescribed for civilian pay. An internal audit staff will be created to make periodic audits of Headquarters and the field accounting offices. The nature and scope of these audits will be coordinated with the external audit program of the comprehensive audit subdivision of the General Accounting Office in order that these two kinds of audits will supplement rather than duplicate each other.

#### Conclusion

**T**HE accounting system which is being developed and installed in the Coast Guard incorporates many innovations into federal accounting. While some of these are experimental, they appear sound in principle and are expected to require only minor adjustment as the result of practical experience in their operation. Because of the great differences in concepts between the new and the old accounting systems, considerable additional training of ac-

counting personnel will be required. For this reason, the new system is being installed in the Coast Guard's different field offices on a schedule which extends over more than a year. It will, therefore, be some time before the full benefits of the system are realized. When fully installed, the new accounting system will operate substantially in accordance with the recommendations of the Hoover Commission.

## II. ACCOUNTING FOR THE ATOMIC ENERGY PROGRAM

### "Cost-Performance" Budgeting

**T**HE budget proposal of the Atomic Energy Commission for fiscal year 1951 had unique characteristics. It was a "cost-performance" budget. Individual programs and activities were budgeted for and justified in terms of cost of work actually to be performed during the budget year. In addition, the estimates showed projected changes in inventories, cash working capital, and unliquidated obligations. The obligational authority requested from Congress was the sum of all of these factors.

The 1951 budget request, as revised by a supplemental submission in July, may be summarized as follows:

	(In Millions)	
	Opera- tions	Construc- tion
Estimated costs to be incurred (itemized by programs and by activities or projects*)	\$389.9	\$504.7
Net reduction in inventories of materials and supplies	- 1.9	. . .
Net reduction in cash working capital with contractors	- 0.2	- 2.7
Net increase or reduction in unliquidated obligations outstanding	+11.0	-53.1
New obligational authority requested	<u>\$398.8</u>	<u>\$448.9</u>

\* In the case of construction, the estimates are supported by individual data sheets showing both obligations and costs to be incurred for each project by fiscal years.

In the past, none of these factors had been shown in the budget nor, for the most part, had they even been in the thinking of the management staff responsible for the budget. In-

stead, estimates of the obligational authority required for each program and activity were prepared and submitted to Congress. These individual estimates were of necessity frequently unrealistic and of little value to AEC management or Congress because they bore no direct relationship to the actual work to be performed in the budget year. In the atomic energy program, current work is financed in large part from funds obligated in prior years. Current obligations are largely entered into for the benefit of future years. The obligational picture of activities for a given year is thus materially different from the actual operational picture for that year.

The cost-performance budget has not only given Congress a more comprehensive picture of the Commission's financial requirements and projected activities, but has also proved to be a very useful tool for effective management. In preparing the budget estimates, those charged with the responsibility for carrying out the several programs have had to plan their work from the point of view of actual annual costs, inventory requirements, and advance financing. Early in fiscal year 1950 the budget for that year was recast in the new form established for the 1951 estimates. AEC has thus already had a full year's experience in operating under a cost-type budget. Its use has greatly increased cost consciousness on the part of those concerned with the management of funds.

#### *Difficulties of Conventional Budgeting*

**M**ANAGEMENT problems of the AEC are complicated by the diversity of its activities and the wide variety of organizations with specialized skills required to carry them out. The Commission's activities range far. Examples are the mining of ore and its conversion to fissionable materials by highly technical industrial processes; the manufacture of atomic weapons; the construction of nuclear reactors; the ownership and operation of large housing centers with their supporting utilities and services for tens of thousands of people; and the conduct of baffling research projects. The AEC operates almost exclusively by contracts with industrial firms and educational and scientific institutions. Some parts of its work are done

by or with the Department of Defense and other branches of the government. Geographically, its activities are scattered throughout the United States and the islands of the Pacific.

Because of the uniqueness and secret nature of many of the activities, most of the work is performed under cost-reimbursement contracts either with or without fee. Approximately 60,000 persons are employed on AEC's cost-type contracts, while the Commission itself has approximately 5,000 employees. However, wherever practicable, competitive lump-sum or unit-price contracts are used. Lump-sum contracts are entered into in the construction of conventional-type structures and where in new types no important security considerations are involved and there is sufficient time to develop complete and final plans and circulate them for competitive bidding before construction work must be started. In addition, most of the basic research contracts with educational institutions are of the lump-sum, participating type. Unit-price contracts are used in production processes of such a nature that the contractor can use his own facilities and anticipate costs with reasonable accuracy.

Under such a variety of contractual relationships, the conventional obligation-expenditure budgeting generally employed by the government proved to be unsatisfactory. Contract periods do not necessarily coincide with the government's fiscal year; many contractors require commitments by the government some months in advance of the operating year, and some of the materials and equipment used by contractors have to be procured by the government itself. The Commission's obligations in any given year consist of (a) commitments to be liquidated wholly in the budget year, (b) commitments to be liquidated partly in the budget year and partly in succeeding years, and (c) commitments to be liquidated wholly in succeeding years.

Any breakdown of a year's total obligations in terms of functions or activities therefore did not relate to any physical performance for a single fiscal year. Furthermore, when work obligated for during several fiscal years was performed, it was frequently impossible to measure the cost against the obligational budget es-



timates since the contractors could not keep their costs in terms of years in which the government's various obligations were originally incurred. What was done under the circumstances was to consider the government's purchases and payments to contractors as performance and allocate these disbursements arbitrarily to programs and activities. In some instances the budget estimates themselves were used as the basis for prorating expenditures, although this method obviously provided no true measure of performance.

#### *Accrual Accounting*

A BUDGET was needed that would fit the Commission's operations, break down estimates in meaningful terms, and permit subsequent measurement of performance against the estimates. Development of such a budget required the following major steps:

1. Establishment of an accrual accounting system that would reflect costs when they were actually incurred by the contractor, as contrasted with allocation of expenditures made by the government.
2. Development of a common classification of accounts that would meet both the managerial needs of the contractor and the budgetary needs of the Commission.
3. Statutory authority to merge into one appropriation all funds available to the Commission at any time.

With many refinements to be worked out, the accrual accounting system and the uniform classification of accounts were put into effect by AEC offices and contractors during fiscal year 1949. Statutory authority for merging the appropriations was first obtained in the Commission's appropriation for fiscal year 1950.

In establishing an accounting system that would currently and accurately reflect the costs of the various activities of the atomic energy program, the Commission's accounting staff had to introduce a concept new to government. The staff came to the conclusion that for accounting purposes it would be necessary to treat the Commission's major cost-type contractors as though they were affiliated corporations—to use a business concept. Costs would then be considered as incurred by the government at the moment the contractors incurred

them; and the movement of cash between the government and its contractors would have no more cost-accounting significance than the transfer of funds from one bank account to another.

To carry out this concept, such contractors were required to establish separate and comprehensive sets of accounts for their operations under the contract, recording in them all funds, materials, and facilities provided by the government. From these accounts monthly balance sheets and operating statements are prepared and submitted to the Commission. As these contractors' accounts are integrated with those of the AEC through the use of controlling accounts on AEC books, consolidated operating statements for the entire program can readily be prepared. It is thus entirely unnecessary for AEC to attempt to get some approach to current costs by the thoroughly unsatisfactory method of analyzing reimbursements to the contractors. The Finance Division has adopted the term "integrated contractors" to identify those whose accounts have thus become an integral part of the AEC accounting system.

For purposes of audit, the integrated contractors are required to establish adequate systems of internal controls such as preaudit of expenditures, time checking, and perpetual inventory records. The audit staffs of the AEC then conduct on-the-site, comprehensive audits of these contractors' accounts in the same manner as a firm of independent public accountants. In these cases the old-style item-by-item desk audit of contractors' disbursements has been discontinued, with the full approval of the General Accounting Office.

#### *Progress of Installation*

SIMPLE as these concepts may appear, their practical application to a going concern like the Commission, with its extensive and diversified operations, has been a considerable task. In tackling it the Commission has enjoyed the active assistance of the General Accounting Office and the Bureau of the Budget. Congressional Appropriations Committees have also lent their support and encouragement to the work.

Contractors, for the most part, have received



these new procedures with approval. They made sense to industrial contractors, as well as to the public accountants consulted, because they are patterned after those generally used in industry. University contractors experienced some difficulty in adopting them because their operating background and usual requirements were different. As of today these difficulties have almost wholly disappeared and the new accounting system is working to the mutual satisfaction of contractors and the AEC at nearly every point.

One of the problems was the establishment of fixed-asset accounts from property constructed or acquired prior to the installation of the present accounting system. During the calendar year 1949, inventories of plant facilities owned by the Commission were completed and original cost values established as of June 30, 1949, disclosing a gross investment in fixed assets in excess of \$1.5 billion, with construction work in progress of \$0.3 billion. The Commission called on public accounting and engineering firms to assist in the physical inventory and determination of cost values. Detailed plant records are now being developed, together with comprehensive definitions of plant record units and retirement units. The property accounts replace the detailed memorandum records of property and material that the government formerly maintained as a check on contractors' records. In keeping with the general system of accounts, the contractor who has custody of the property is responsible for maintaining the property accounts; the Commission's internal audit staff will check these accounts in its comprehensive examination. Similar controls were established for inventories of materials and supplies.

Estimates of accrued depreciation on plant facilities to June 30, 1949, were made by the accounting and engineering firms. Over-all policies with respect to accounting for depreciation are being developed. In the meantime, lump-sum estimates of depreciation are being currently accrued in the accounts.

#### *Gains*

**A**S THE accounting system for the atomic energy program is refined and improved, its value to management will increase. Deci-

sions on operating changes, new plant facilities, and the like can be made on the basis of all the financial and cost information that progressive practice in industry has found essential. Modern accounting controls and audit techniques will make their full contribution to the safeguarding of the public funds and property devoted to this vital task. Most important of all, perhaps, is the hope that the AEC is shaping a tool that will have an important part to play when the day comes that the world is ready for the international control of atomic energy.

### III. ACCOUNTING IMPROVEMENTS IN THE BUREAU OF RECLAMATION

#### *Programs and Finance*

**T**HE work of the Bureau of Reclamation in the Department of the Interior centers upon the conservation of water resources in the seventeen western states through the development of irrigation projects and associated hydro-electric power projects. Created in 1902 and devoted originally almost exclusively to the construction and operation of irrigation projects, the Bureau in 1930 undertook the construction of Hoover Dam with its power plant on the Lower Colorado River to provide water and power for the rapidly growing Pacific Southwest. In the depression years activities were further expanded to building dams, canals, and power plants, in part to create employment. Following World War II the Bureau's program grew threefold to provide irrigated farms for returning war veterans and hydroelectric power to satisfy the needs of the mushrooming West. Appropriations for fiscal year 1950 exceeded 350 million dollars. The Bureau has now the largest single electric power system, as measured by kilowatts of generating machinery and high voltage transmission lines, in the world.

Until 1930 the Bureau's activities were financed entirely from a revolving fund in the Treasury known as the Reclamation Fund. Into this fund went all the receipts from the products of the federal public lands as well as collections from the Bureau's own projects. The cost of reclamation work is reimbursable by its beneficiaries with a few exceptions. Re-

payment of the cost is provided by contracts executed with irrigation districts or other organizations of water users and sale of power at load centers on a wholesale basis.

Beginning in 1930 Reclamation Fund financing was supplemented with other funds. Appropriations from the general funds of the Treasury were first made for Hoover Dam. By 1940 a plan of financing was established under which the Reclamation Fund supported the straight irrigation projects and the general funds financed the multiple-purpose projects, such as the Columbia Basin in Washington and the Central Valley in California. This pattern still prevails.

To supervise and operate its power systems and irrigation projects, the Bureau decentralized its administrative organization in 1943, grouping the seventeen western states into seven regions formed from river basins, with district and project offices in each region. Acute problems of management inevitably arose from the decentralization program. The combined impact of physical growth, decentralization, and 300-million-dollar budgets has been felt on all phases of the Bureau's far-flung activities, but the greatest weight fell on the outmoded accounting system which could no longer serve either as a management or an accounting control.

#### *Accounting Survey*

RECOGNIZING its lack of financial control and information, the Bureau's management in March, 1947, instituted a survey to take stock of the deficiencies of the system. The survey brought to light the following shortcomings:

1. There were no sensitive controls of funds. Administrators had no reliable accounting data on obligations and expenditure. Although records were kept, they were from six weeks to two months behind actual costs. The Bureau did not have ready means of avoiding a deficiency in funds. In the fall of 1947 such a deficiency actually occurred on the Central Valley project in California, which led to a congressional investigation. The chief result of the investigation was a demonstration of the inadequacy of the Bureau's accounting system.

2. There were no accounting controls. The finance officers on the projects of the Bureau

did not maintain true balance-sheet or corporation accounts—assets and liabilities were unknown. There were no trial balances to provide orthodox accounting checks and balances. The old general-ledger system had grown like Topsy and was a meaningless conglomeration of accounts and subaccounts. It served no useful management purpose.

3. There were no accounting controls over movable property. The inventories in warehouses of materials and supplies purchased for use were not reconciled with the accounts. No rules had been established or followed for the depreciation of temporary construction plant and equipment. As a consequence, management had no definite information on the value of movable property on hand, other than reference to purchase orders or physical inspection of property.

4. There was no uniformity in accounting data. The Bureau's programs, the budget request it submitted to Congress, the accounts such as they were, and the existing cost reports were unrelated to one another in most respects. Not only was management denied effective control over the work, knowledge of its progress, and accurate information as to cost, but the Bureau's presentations to Congress and the Bureau of the Budget were confusing and easily misunderstood.

5. There was no top-level management control-over work programs. An analysis showed that practically every reclamation project under construction in 1946 differed in some respect from the authorization. Many differed materially.

6. There was only partial conformance with the requirements of central agencies such as the General Accounting Office. With the exception of the Hoover Dam power plant, none of the accounts of the power projects were in accord with the system of accounts for electric utilities issued by the Federal Power Commission in 1937.

7. Finally, there was much paper-shuffling and red tape. The delays in processing accounting documents under a poorly arranged ledger system added to confusion of records and the unreliable condition of the available data for administrative or control use. Washington was a bottleneck through which all papers flowed.

Relations with the Treasury, the General Accounting Office, and the Bureau of the Budget were strained because of the length of time it took to furnish accounting and budget data to these agencies.

#### *Changing the System*

THE survey of 1947 showed that something had to be done if the Bureau expected to secure the substantial appropriations from Congress which would be necessary to meet its responsibilities in the western states. Six important steps were taken.

The first was an internal reorganization, approved by the Secretary of the Interior, creating in the Bureau an office of programs and finance. Brought together in this unit were the finance, program, budget, estimating, and statistical reporting units of the Bureau, previously scattered in separate units. This shift placed in one unit and under one administrative head responsibility for work programs, budgets, allotments of funds, accounting, and reporting, comprising a complete cycle of program and finance.

The second step was a series of field inspections made during fiscal year 1948. They served the purpose of examining the specific problems in the fields of program and finance as they existed at the site of the work and in the district, regional, Denver, and Washington offices.

The third step was an agreement between the Comptroller General and the Secretary of the Interior under which the Comptroller General agreed to aid the Secretary in working out a new accounting system for the Bureau. The Bureau of the Budget and the Treasury agreed that the General Accounting Office should represent their interests in the improvements to be undertaken in the Bureau.

The fourth step was to establish a joint full-time working group to develop a new accounting system. This group was composed of representatives from the General Accounting Office and the Bureau. Arrangements were made for representatives of the Secretary of the Interior, the Bureau of the Budget, and the Treasury to participate in meetings when policy decisions were to be made and to make a critical review of the progress accomplished from time

to time. The working group was organized in May, 1948. Beginning its work in Denver at that time, it had substantially completed it by December, 1949.

The fifth step was to work out the details of the new accounting system. To begin its task the joint working group agreed on five important policy items: (a) the system must meet the needs of management, the requirements of other agencies, and the highest standards of the accounting profession for utility corporations; (b) the reclamation project would be designated as the accounting entity for the control of funds and the record of expenditures; (c) a uniform system of cost accounts must be used as a basis for all programs, budgets, cost accounts, and cost and progress reports; (d) expenditures would be recorded in the accounts on an accrual basis; and (e) work orders would be used to control both programs and costs.

Now the working group went ahead. A chart of accounts was drafted by a skilled group of accountants. A separate committee of engineers and accountants charted a uniform system of cost accounts. The new accounts were tested by trial runs at selected field offices in the Pacific Northwest. For the purpose of charting the accounts and testing their effectiveness a temporary office was established at Boise, Idaho, for about four months. During the Boise trials, representatives of the other interested agencies and of Bureau field offices visited the scene of work for review and comment, and also for self-education.

In addition to the Boise operation, conferences were held at about six-month intervals in which field personnel, Washington office personnel, and representatives of other agencies evaluated the progress of the development of the new system and its effectiveness on the trial runs. A streamlined flow of documents between all offices and an interlocking system of reciprocal control accounts were established for the Washington and regional offices. Procedures were written in manual form by the Bureau's field and Washington offices and General Accounting Office personnel. These procedures were first issued in draft form for use on a trial basis and for general comment and discussion.

All offices of the Bureau were converted to the new system between January and July, 1949, except for installation of the work-order scheme, which because of its effect on the engineering-estimating work of the Bureau was not completely installed until July, 1950. Follow-up on the conversion—a most important supplemental action—was made on a continuing basis by representatives of the General Accounting Office, the Bureau's Washington office, and its regional staffs.

The sixth and final step was a conference for Bureau finance officers held in November, 1949, in Washington, at which all the accounting procedures were reviewed and discussed in open debate. In the light of the November meeting and experience in the test runs, the manual instructions were rewritten in final form for distribution to all Bureau offices. The joint working group was disbanded in January, 1950, after twenty months of intensive effort.

#### *Results Achieved*

THE results of the revision of the accounting system are these:

1. Complete decentralization of the accounts has been achieved, permitting a reduction of about 35 per cent in the accounting staff in the Bureau's Washington office.
2. The project offices are the accounting entity. Each office has an allotment ledger; on that allotment ledger records are kept of encumbrances, obligations, and costs on an accrual basis. It is possible for management to know the exact status of its funds at all times. The general ledger serves as a master accounting control; the financial statements are prepared from its accounts and the subsidiary accounts.
3. The uniform system of cost accounts prepared by the joint committee of engineers and accountants is in effect in all offices.
4. Management control over work is secured through work orders. Thus, management has a guarantee that only work is undertaken which is part of the programs approved by the Commissioner of Reclamation, the Secretary of the Interior, and Congress. This control is made effective through progress reporting, lining up costs with programs, item by item, to

show how much work is accomplished, whether programs are behind or ahead of schedule, and, equally important, whether funds available will cover the fiscal year.

5. Balance sheets are prepared monthly by projects and annually for the Bureau showing the investment of the United States in reclamation and the status of its repayment. The present investment on an expenditure basis is something in excess of two billion dollars.

6. Accounting control over property has been established. The records of property are regularly reconciled with control accounts maintained by the finance officers and copies of all documents relating to acquisition and issuance of materials and supplies are furnished to and processed by the finance offices.

7. Conformance has been established with the requirements of central agencies. The apportionment of funds under Budget-Treasury Regulation No. 1 has been made a part of the allotment-ledger procedure, and the reports under this regulation are based on the projects. The system of accounts of the Federal Power Commission has been followed practically without change for the Bureau's electric plant accounts, and the irrigation plant accounts have been patterned as closely as possible to the electric plant.

8. Coincident with the desire to develop an accounting system adequate for management purposes has been the desire to provide a medium for developing data for budget purposes that would permit the preparation of true performance-type budgets founded on historical costs. This objective has been realized in the budget for fiscal year 1951 submitted to Congress on a performance basis. Most important—the activities of the Bureau, financed for fiscal year 1950 by 54 appropriation items, have been consolidated and reduced to four appropriation items. While this reduction in items has not reduced the number of finance stations or general ledger accounts maintained in the field offices, it has considerably streamlined reporting procedures and facilitated transactions with the Treasury and General Accounting Office which deal only in terms of appropriation items and are not concerned with project accounts.

*Additional Improvements*

**I**N CARRYING out the improvements for management in the accounting system, numerous other internal changes were made in the accounting procedures so as to do a more efficient job of accounting. Some of these modifications are:

1. The disbursing officers' current accounts, which consist essentially of all vouchers and schedules processed during the month, are now sent directly from the reclamation projects to the General Accounting Office in Washington.

2. Direct settlements of claims now go directly from the regions to the General Accounting Office. Vouchers are no longer sent to disbursing offices in support of schedules of disbursements but are retained at the project.

3. Contractors' earnings, which approximate 70 to 80 per cent of the funds appropriated, are now reported on a current basis at the end of each month. Formerly time lags of from ten to twenty days resulted in substantial errors of cost reporting.

4. Financing of central offices in the Bureau, such as the engineering office in Denver, by check transfers from projects has simplified the accounting process over the old system of processing warrant actions through Washington. Operations in Boulder City, where the Bureau functions as a city government, have been simplified and mechanized to conform to good utility practice. Similar practices are being introduced at Coulee Dam, Washington, where the Bureau also operates a substantial community of government and contractors' employees.

5. Finally, as a check on its effectiveness, the Bureau maintains an audit program under its own comptroller. The comptroller is a separate officer detached and apart from the office of programs and finance. The comptroller's reports on the effectiveness of the activities of the office of programs and finance are made to the Commissioner of Reclamation and the

comptroller's recommendations are given to the office of programs and finance to be made effective.

*Further Work to Be Done*

**W**HILE the Bureau's accounting system and improvements for management and other purposes are substantially accomplished, much work remains to be done. Review has to be made of the old accounts as they existed on the date of the conversion to the new system. Classification of the expenditures under the old system for the new plant accounts must be made with care and with an eye to multiple-purpose cost allocations and future retirement of property. An analysis of the old income and expense statements is necessary for review of the effective application of revenues from Bureau operations. The application of depreciation to Bureau operations has not been completed. It is being handled as a separate action which is expected to follow good utility practice under the regulations of the Federal Power Commission as closely as Bureau operations and law will permit.

Recruitment and training of personnel are other important and urgent considerations. The old accounting system was carried on largely by clerks promoted from the ranks, with no formal training in accounting work. A systematic program to bring college men into the Bureau's accounting system has been established. The program is designed to attract students in their junior and senior years for summer work, and to employ a selected number each year on graduation, in the lower-grade positions. In this way it is hoped that over a period of time the accounting organization of the Bureau will be greatly strengthened and carried forward by able and well-trained young people.<sup>1</sup>

<sup>1</sup>Since this article was prepared, Congress has passed the Budget and Accounting Procedures Act of 1950, which gives additional sanction to the reforms here described and the goals pursued by the Joint Accounting Program.



# Political Sterilization of Civil Servants: The United States and Great Britain

By LEON D. EPSTEIN

*Assistant Professor of Political Science  
University of Wisconsin*

THE Hatch Act has seldom been discussed solely on its merits as public policy. Until 1947 most of the debate on the legislation concerned its constitutionality. Now, however, since the Supreme Court affirmed the congressional power to prohibit government employees from engaging in political activity, the public policy question is no longer wrapped in the language of constitutional controversy.<sup>1</sup> Plainly what remains is whether Congress has exercised wisely its power to curtail the political freedom of government employees.

What is striking about the Hatch Act is the inclusive character of its ban on political activity. The act is significantly inclusive in two senses. First, with the exception of a handful of top-policy officials appointed by the President, the act's crucial section 9 (a) covers virtually all employees of the federal government,<sup>2</sup> and under the 1940 amendment the large proportion of state and local agents whose principal employment is in connection with activity sustained in whole or in part by federal funds.<sup>3</sup> This coverage is without regard to type of function, so that charwomen and machinists employed by the government are restricted no less than bureau chiefs and United States district attorneys.

<sup>1</sup> *United Public Workers (C.I.O.) v. Mitchell*, 330 U.S. 75 (1947). For an analysis of the opinions in this case and in the companion case relating to state employees, *Oklahoma v. U.S. Civil Service Commission*, 330 U.S. 127 (1947), see Ferrel Heady, "The Hatch Act Decisions," 41 *American Political Science Review*, 687-99 (August, 1947).

<sup>2</sup> 53 Stat. 1148 (1939). Other sections of the act deal with matters as various as campaign contribution limits and coercion of WPA workers.

<sup>3</sup> 54 Stat. 767 (1940).

Second, the statute prohibits a very wide range of political activity, for the government worker is banned from taking any save a passive part in the work of a political party or a political campaign. For example, while the civil servant may contribute money to his favorite political party, he cannot solicit money from anyone else; while he may sign a nominating petition, he cannot ask others to sign; while he may attend political meetings, he cannot participate except as a spectator; and while he may vote, he cannot try to win anyone else's vote. The statute authorizes the Civil Service Commission to define activities in violation of the act, and it has spelled them out in some detail.<sup>4</sup> The commission has also been empowered to conduct the necessary investigations and hearings and to order removals. There is little doubt about the completeness of the enforcement, as well as of the ban itself.<sup>5</sup>

Whether practically all employees should thus be barred from active participation in politics is the debatable question. A policy of less complete and more selective prohibitions has received some consideration, most notably

<sup>4</sup> U.S. Civil Service Commission, *Political Activity and Political Assessments of Federal Officeholders and Employees*, Form 1236 (Government Printing Office, January, 1944), pp. 9-15.

<sup>5</sup> From the effective dates of the statutory authority through June 30, 1948, the Civil Service Commission reported that it received 1414 complaints concerning federal employees, of whom 137 were ordered removed; and 415 complaints concerning state and local employees, of whom 21 were ordered removed. U.S. Civil Service Commission, 65th *Annual Report* (Government Printing Office, 1948), p. 76. The Commission has also prepared a book of its "guiding principles" in dealing with political activity cases. U.S. Civil Service Commission, *Hatch Act Decisions* (Government Printing Office, 1949).

in the dissenting opinion of Supreme Court Justice Douglas who thought that the Hatch Act as applied to all employees was unconstitutional.<sup>6</sup> Suggestions along this line have been made with reference to the experience of Great Britain, which has allowed substantial exceptions to the general ban on political activity by civil servants. These British practices deserve careful consideration, for they represent an alternative policy evolved in a society whose concern for the values of effective administration and political liberty is as serious and vital as our own. Restrictions on political freedom are considered to be evil per se, and to be justified only in terms of preventing some greater evil. Specifically, in both countries the ban on political participation of civil servants is regarded as desirable only if it forestalls some kind of danger to the operation of the governmental machinery. But does the similarity extend much beyond this very broad basis? Is the kind of danger that sterilization seeks to forestall the same for the United States as for Great Britain? The answer to this question, so intimately connected with the applicability of British practice to the United States, is to be sought in a comparative analysis of the development of the restrictive rules in the two countries.

# I

THE purposes of the American prohibition of political activities have not been limited to the improvement of administration. The aim has been not only to remove from the government worker the taint of political partiality in the performance of his duties; a principal aim has been to clean up politics by taking the civil service, along with the civil servants, entirely out of the area of political partisanship. Viewed in this light, the relevant provisions of the Hatch Act of 1939 and its 1940 amendment were only the delayed final stages of the process of reform that began in the 1880's.

The Hatch Act did not establish any new principle, but only extended the application of an old Civil Service Commission rule that had been promulgated by Theodore Roosevelt in 1907 (to take the place of various departmental

regulations).<sup>7</sup> Under this rule, the commission had banned political activity by members of the competitive service—a total of approximately 550,000 employees in 1939. This left, at that date, about 300,000 federal workers who were to have their political activities curtailed for the first time by the Hatch Act.<sup>8</sup> Certain categories of employment, such as the government's increasingly large number of industrial workers, were now to be included on a large scale. Also the inclusive language of the act meant that the many prospective employees in new governmental occupations would, in the future, automatically be covered by the ban. Politics were now to be further cleansed by making it impossible for almost any kind of government employee to be a political participant and so available for party machinations.

Even a brief study of the background and the legislative history of the Hatch Act is sufficient to show the importance of "clean politics" considerations. The inspiration for the legislation is to be found in the reaction to the political use of employees by New Deal agencies. Most specifically it was the excesses of the Democratic primary in Kentucky in 1938 that provided the basis for the public indignation that was behind Senator Hatch's bill to prevent "pernicious political activities."<sup>9</sup> But public indignation alone was not enough to gain passage of

<sup>7</sup> That an old principle had been extended was the substance of the commission's own comment on the new legislation: "One of the principal reforms advocated by the early civil-service reformers received almost as wide an extension as could be given it by Federal statute, when the 'second Hatch Act' was signed on July 19, 1940." U.S. Civil Service Commission, *57th Annual Report* (Government Printing Office, 1940), p. 19. For an extended description of the development of the earlier political ban, see Theodore Roosevelt, *An Autobiography* (Charles Scribner's Sons, 1913), chap. V.

<sup>8</sup> H. Eliot Kaplan, "Political Privileges in Public Office," 2 *Personnel Administration* 7 (November, 1939). In one respect the language of the new statute was milder than that of the old civil service rule. The commission had specified that opinions on political subjects could only be expressed privately, while the Hatch Act omitted the word "privately" and was subsequently interpreted to allow public expressions so long as they did not constitute political activities in the forbidden sense of that term. 40 *Opinions of the Attorneys General* 14-27 (U.S. Government Printing Office, 1949).

<sup>9</sup> However, Senator Hatch's efforts began before the Kentucky primary. He was most nearly successful in his attempt to have the Emergency Relief Bill of 1938 amended to forbid administrative employees of the

<sup>6</sup> This opinion contains some very specific policy suggestions, 330 U.S. 75, 115-26 (1947).

the act. There is a substantial evidence, both in the voting records and in newspaper accounts of congressional activity, that it was largely because the Hatch Act of 1939 seemed an anti-Administration and an anti-New Deal measure that it received a winning margin of votes in both houses of Congress. Nevertheless, it was the reformers' set of principles that was enacted into law. These principles seemed to conform sufficiently to the public's sense of political decency so that the Administration, while obviously lacking enthusiasm for a measure aimed at some of its sources of strength, did not combat the act to the extent of a presidential veto.<sup>10</sup> And by the 1940 session of Congress, the Administration leadership in the Senate emerged as the defender of the 1939 Act and the proponent of the extension of its principles to the states.<sup>11</sup>

Although the Hatch Act contained a variety of provisions aimed at aspects of politics regarded as pernicious, the section prohibiting political activity was, in Senator Hatch's words, "the vital part of the bill."<sup>12</sup> It was not enough, Senator Hatch made clear, for the act to prohibit coercion of government workers by supervisors. Political activity itself must be prohibited. On this provision Senator Hatch and his supporters faced their major battle in the Congress. In the lengthy floor fight over this provision Representative Ramspeck, always a proponent of civil service reform and now supporting the controversial section, stated most plainly the purposes of its sponsors: "We have to remove the rank and file employees from being pawns in the political game."<sup>13</sup> This judgment concerning American political parties is most important in appreciating that the total prohibition of the Hatch Act rests on the view of American political behavior that was

taken by congressmen who may be assumed to have been politicians of considerable experience. It may be presumed that they knew something about the evils against which they were legislating. And in the cases of Senator Hatch and Representative Ramspeck, there is no basis in their records for dismissing their views as rationalizations for ulterior purposes of crippling the Administration and the New Deal. That such purposes probably inspired a substantial part of the congressional support for the prohibitory legislation does not really detract, however, from the point that the measure was designed in good faith to meet what was regarded as the evil of using government employees for political purposes.

That this evil could be combatted by something short of complete prohibition has occasionally been proposed. For example, it was suggested on the floor of the Senate, during the nearly successful 1940 effort to strike the vital section 9 (a) out of the law, that voluntary political activity should be permitted, and only the coercion of government employees by their superiors be prohibited.<sup>14</sup> This approach constitutes an evidently unworkable alternative to the present statute. It would be no small matter to distinguish between political activity that was voluntary and that which was coerced.

It does not seem unreasonable to reject this alternative out-of-hand. If it is agreed that the use of government employees for political purposes is a general and a substantial evil that ought to be prevented, then the way to effective prevention is the complete prohibition contained in the Hatch Act. Of course, it still might be urged that the cost of such prevention, in terms of restricted political freedom, is too much for a democratic society to pay. That argument is not without appeal. However, what has been suggested here is that when, in the American political environment, such an argument is made in behalf of political freedom it is necessarily juxtaposed against another freedom—that is, freedom from the abuses of party machines. That is the frame of reference within which the Hatch Act was developed. The ill effects of its total political ban are to be weighed against the benefits it is supposed to bring by way of a reformed political behavior.

WPA from participating in politics. 83 *Cong. Rec.* 8000-8147 (June 2-3, 1938).

<sup>10</sup> The President's message accompanying his signature of the Hatch bill claimed some credit for the genesis of the legislation (message of August 2, 1939, S. Doc. No. 105, 76th Cong., 1st sess.), although many of the Administration's most stalwart supporters, led by Senator Minton, had opposed the measure in one way or another.

<sup>11</sup> 86 *Cong. Rec.* 2338-67, 2426-42, 2466-85, 2801-2987 (March 5-7, 13, 1940).

<sup>12</sup> 84 *Cong. Rec.* 8349 (June 30, 1939).

<sup>13</sup> 84 *Cong. Rec.* 9616 (July 20, 1939).

<sup>14</sup> 86 *Cong. Rec.* 2338-67, 2426-42 (March 5-6, 1940).

## II

THESE are not the same terms in which the British have stated the question of whether there should be restrictions on the political activities of civil servants. There has not, in recent British history, been any fear that government employees would become tools of party machines. The reasons for the absence of such a concern are probably to be discovered in the general political environment, but they are not entirely obvious. Certainly in the first half of the nineteenth century the British, like the Americans, recruited civil servants by patronage. "There can be little doubt," a recent historian of the British civil service has stated, "that after the passing of the Reform Bill the distribution of places played an increasingly important part in the party political system."<sup>16</sup> Yet apparently this did not amount to the same thing as the spoils system that took root in the United States during the same period. For patronage, in Britain, did not ordinarily mean displacing, on a wholesale basis, one set of officeholders by another. It meant rewarding one's friends, but not necessarily punishing one's enemies. At any rate, even this kind of spoilsmanship was curtailed relatively early in Great Britain, so that it has been regarded as insignificant after 1870.<sup>16</sup>

On the other hand, it is well known that the immediate results of American civil service reform in the 1880's were not so far-reaching. The American spoils system has proved to be tougher to eradicate, perhaps because its growth, unlike that of British patronage, coincided with the rise of popular democratic institutions. In Britain the spoils system was never included in the credo of democratic politicians. Indeed, by the time the franchise received a really popular extension in Great Britain, the merit system was established as a principle of the civil service. Manipulation of government workers for partisan purposes was outside the accepted code of political morality.

Thus when in 1914 a royal commission first extensively considered the problem of permissible political activities for civil servants the entire matter was analyzed without regard to

the clean politics consideration that has dominated American discussion. The very way in which the problem was stated by the commission (in what is known as the MacDonnell Report) illustrates how the British context differed from the American. "Does any conflict arise," the commission asked, "between the desires and interests of the Civil Servant, regarded as a citizen, and the duty of the Civil Servant, regarded as such; and if such a conflict may or does arise, to what degree should either claim prevail over the other?" The commission did believe that such conflicts would result if complete political liberty were extended to all officials, and that "such conflicts could not fail to have a disastrous effect on the morale of the public service." What was meant by the service's morale was chiefly its reputation for impartial administration of the laws. It would be disastrous, the commission reported, "if the feeling should arise that the effectiveness of a legislative policy were in any degree dependent upon the political bias of those administering it."<sup>17</sup> Not only would the public lose confidence in the impartiality of the service, but Ministers might cease to be confident of the support of their subordinates. All this, the commission declared, could only be detrimental to the service, and might even lead back to a system of ministerial patronage as the means of filling positions with loyal supporters.

Even when the commission sketched this extreme consequence of unrestricted political activity, it was only in terms of potential harm to administration that the warning was put. The MacDonnell Report did not even suggest that civil servants would, if allowed to participate freely in politics, be used by political parties as cogs in their machines. Consequently the commission was consistent in viewing certain subordinate and manipulative employees as different from administrative personnel. It recommended a strict ban on political activity by administrative personnel but suggested that certain subordinate employees might be enjoined only from using their official positions to influence elections.

The Blanesburgh Committee in 1925 did not survey the entire scope of political activity.

<sup>16</sup> Emmeline W. Cohen, *The Growth of the British Civil Service, 1780-1939* (G. Allen & Unwin, 1941), p. 75.

<sup>17</sup> Herman Finer, *The Theory and Practice of Modern Government* (Henry Holt & Co., 1949), p. 874.

<sup>18</sup> Report of the Royal Commission on the Civil Service, Cmd. 7338 (1914), pp. 95, 97.



but examined particularly whether parliamentary candidatures of civil servants should be permitted. It was realized, of course, that allowing employees to become candidates (something, incidentally, still well outside any reasonable expectancy in the United States) would require that all other political activity also be permitted. The committee was faced with complaints from civil servants' organizations that members of the fighting services were accorded more favored treatment in the area of permissible political activity, and that there were also certain anomalies on this score within the civil service itself. The committee considered these complaints, but was not persuaded that it was wise to rectify the anomalies by a general removal of the existing restrictions. It felt that impartial administration still required the bulk of the civil service to be prohibited from engaging in political activity. The arguments in support of this view were not different from those of the MacDonnell Commission, but occasionally they were further elaborated. For example, the Blanesburgh Committee referred to the testimony of a representative of the Ministry of Pensions:

In his view the political impartiality of all Ministry employees is really essential. This impartiality, he was satisfied, was required from subordinate local officials, whose work brought them daily into contact with actual or would-be beneficiaries, at least as much as from the higher administrative ranks. A difficult position would arise if an officer enquiring into the family circumstances of applicants for "need" pensions knew that he was or would be dependent on or be assisted by the votes of the people into whose circumstances he was enquiring.<sup>24</sup>

Evidently with this kind of testimony in mind the committee concluded that for all grades of the service directly connected with departmental administration restrictions on political activity were essential. This, the committee said, was a question of "administrative efficiency." It was on this basis that parliamentary candidatures were not to be universally allowed; but on the same basis the committee decided that certain industrial employees should be permitted to become candidates, as well as to engage in other political activities,

while retaining their status as government servants. Where the employment was industrial in type, and in an establishment predominantly industrial, the government worker could be excepted from the general ban on political participation. In such cases the committee was certain that there was no danger of even parliamentary candidatures leading to the politicalization of governmental administration. In a Navy dockyard, for example, there was no administrative contact between the worker and the public.

Part of the Blanesburgh Committee would, on roughly the same basis, have extended these exceptions to other areas of the service. Half of the committee advocated lifting the ban from all of the government's industrial employees, regardless of whether they worked in predominantly industrial establishments like the dockyards. Further it was urged, again by half of the committee, that a line be drawn within the nonindustrial civil service, so that political privileges could be extended to certain manipulative employees, messengers, and charwomen. It is, however, less important to note these differences of opinion than to appreciate that the basis of judgment was essentially the same for both halves of the committee. All of the committee was concerned with the impartiality of administration, and there was only some disagreement as to whose political activities needed to be restricted in order to protect the integrity and reputation of the service. There was no doubt about the criterion. Accordingly, in implementing most of the recommendations of the Blanesburgh and MacDonnell Reports the British have made their decisions on a basis that has permitted adjustment and flexibility. The Government, using orders in council, Treasury minutes, and departmental regulations, has adopted and enforced only such restrictions on political activity as it deemed necessary to protect the service from the taint of partiality.

### III

THE Masterman Committee of 1949 made its judgments on the same basis as its predecessors. It was concerned with allowing as much freedom as was consistent with the "maintenance of political impartiality in the Civil Service and of confidence in that impartiality as an

<sup>24</sup> *Report of the Committee on Parliamentary, Etc. Candidature of Crown Servants*, Cmd. 2408 (1925), p. 16.



essential part of the structure of Government in this country."<sup>19</sup> On the basis of this principle, the committee suggested further exemptions from the general ban, at the same time that it recommended a greater uniformity of prohibition with respect to those whose activities were to remain curtailed. The background for these considerations of the committee is to be found in the existing regulations, and these are well worth exploring. They illustrate many of the features that distinguish the current British discussion from that of the American debate on the Hatch Act in 1939 and 1940.

The very lack of regularity in the rules that existed at the time of the Masterman Report is impressive, for this may be considered part of the process of adjustment to particular administrative situations. Where the need for impartiality, or the reputation for impartiality, seemed especially strong, the ban was applied. But where partisanship among employees did not threaten administrative integrity, the ban was relaxed or entirely lifted. Generally the Government appears to have eased the prohibition very cautiously, and in case of doubt to have maintained restrictions. So with respect to parliamentary candidatures, until 1949 the Government adhered closely to the Blanesburgh recommendations, which were embodied in the Servants of the Crown Order of 1927. Exemptions under this authority were formally granted to only 200,000 industrial employees of the Admiralty, the Army Council, and the Air Council. These were considered predominantly industrial establishments. Another 60,000 industrial employees of the Ministry of Supply, formerly of the Army Council or Air Council, were in fact, though not technically, removed from the effect of the order's prohibition on candidature. However, there remained approximately 140,000 other industrial employees who, because they worked in nonindustrial establishments, were prevented along with all nonindustrial employees from becoming candidates for Parliament unless they resigned from the civil service.

With respect to other political activities there was in 1949 even less regularity in governmental policy. For one thing, all industrial employees, regardless of place employed, were

free from the restrictions on "other political activities." And in certain of these activities, many nonindustrial civil servants were in fact free to participate. There was only a very general prohibitory code contained in the manual of instructions issued by the Treasury to all establishments officers. This code stated that "civil servants are expected to maintain at all times a reserve in political matters and not put themselves forward prominently on one side or another." Most important was the fact that the application of the code was left to the discretion of individual departments. It is not surprising that some departments would find it possible to allow many nonindustrial employees to engage in various political activities. The Post Office, for example, had since 1923 allowed all except its most senior grades to take part in canvassing. There was an even greater latitude in local governmental activity, for under the authority of a Treasury circular each department could decide whether its employees could become candidates for and members of local councils. Thus the Ministries of Health and of Labour forbade most of their employees from such participation, on the ground that there was an intimate relationship between the Ministries and the local councils. The Post Office, however, allowed its employees to participate in local government.

Practically, then, by the time the Masterman Committee reviewed the situation it was not only the industrial workers who were permitted to engage in politics. A very large share of the nonindustrial service, at least at the lower grades, was allowed a substantial degree of freedom. And the Masterman Committee was faced with the demand of the associations of government employees that this freedom should be greatly extended. This advocacy was not new, for in 1914 and 1925, as well as more recently, these unions had vigorously pressed for political freedom for civil servants.<sup>20</sup> Their

<sup>19</sup> See, for example, the Memorandum on Civil Rights submitted in 1914 by the Parliamentary Secretary of the National Joint Committee of Postal and Telegraph Associations. *First Appendix to the Fourth Report of the Royal Commission on the Civil Service*, Cmd. 7339 (1914), p. 150. The *Whitley Bulletin* has demonstrated the staff associations' continued interest. See particularly the following references: Vol. 3, February 26, 1924, p. 93; Vol. 4, March 29 and August 30, 1924, pp. 2 and 43; and Vol. 27, April, 1947, p. 52.

<sup>20</sup> *Report of the Committee on the Political Activities of Civil Servants*, Cmd. 7718 (1949), p. 13.

activity is especially meaningful in the light of the attitude of the American unions of government workers. For while the bulk of organized British employees had been striving to eliminate political restrictions, neither the National Federation of Federal Employees nor the American Federation of Government Employees (the two older and more substantial unions of federal workers) even opposed the passage of the Hatch Act.<sup>21</sup> The United Public Workers (CIO) did register its objections by bringing to the courts the case that tested the constitutionality of the statute, but there is no evidence that this move received any very wholehearted support from the civil service union movement in general. It is understandable that the American unions should be less zealous than the British in desiring political freedom. Not only are such organizations of government workers less highly developed in the United States,<sup>22</sup> but in their responsibility of representing rank-and-file employees they may well have some reservations about exposing civil servants to American political machines.<sup>23</sup>

There is no doubt about the wholeheartedness of the campaign conducted by the British unions. The staff side of the National Whitley Council, representing all the principal staff associations of the nonindustrial civil service, stated before the Masterman Committee that it wanted even the ban on parliamentary candidatures removed. It asked that civil servants be given leaves for campaigning as well as for periods of elected parliamentary tenure. The staff associations contended, furthermore, that all rules against other political activities should be removed. They wanted no prescription of "detailed lines of conduct for civil servants in the matter of civil rights," but rather a general convention under which civil servants

would be expected to act with discretion, but without necessarily being pledged, as previously, to refrain from putting themselves forward prominently on one side or the other. The staff side proposed the following convention:

Civil servants are free to engage in party political activity and it is left to their discretion and good sense to do so with due regard to their rank, the functions of their Department and their duties in it, on the understanding that an officer who by grossly negligent or willful action or comment on a matter of party politics creates an intolerable position for his Department will be liable to disciplinary action.<sup>24</sup>

The effect of this proposal would have been to make the civil servant himself the judge of what political activity was harmful to the service. The criterion of administrative efficiency was not deserted, of course, even by this extreme position. But the unions believed it could be amply protected by each worker's sense of self-restraint.

The Masterman Committee was not ready to go so far. It adhered to the opinion that the administration's reputation for impartiality still needed to be protected by rules. The committee suggested some far-reaching changes in the rules, and in a sense proposed that these rules be tightened somewhat. But from an American point of view, the most interesting part of the Masterman Report is its recommendation as to the categories of the service to be exempted altogether. The committee would add appreciably to the numbers of employees allowed to participate in politics. All industrial employees, the committee recommended, should be treated alike; those employed in nonindustrial establishments should be permitted parliamentary candidature and the other freedoms enjoyed by industrial employees in predominantly industrial establishments. This, it is worth noting, would bring the policy affecting industrial employees of the old-line governmental agencies into accord with that announced in 1947 for workers in the newly nationalized industries.<sup>25</sup>

What was more significant was the Master-

<sup>21</sup> H. Eliot Kaplan, "Political Neutrality of the Civil Service," 1 *Public Personnel Review* 17 (April, 1940).

<sup>22</sup> On the highly organized British civil service, see the statement of Leonard D. White, *Civil Service Abroad* (McCraw Hill, 1935), p. 53.

<sup>23</sup> For the record of the National Federation of Federal Employees' lukewarm opposition to the old civil service ban on political activity, see Wei-Kiung Chen, "The Doctrine of Civil Service Neutrality in Party Conflicts in the United States and Great Britain" (Unpublished Ph.D. dissertation, University of Chicago, 1937, PP. 97-99.)

<sup>24</sup> Cmd. 7718, *op. cit.*, p. 11.

<sup>25</sup> See the statement of Prime Minister Attlee, 436 *H.C. Deb.* 2160-61 (May 1, 1947).

man Committee's willingness to extend political privileges to certain nonindustrial groups. Here it was thought a line could be drawn between the administrative, professional, scientific, technical, executive, clerical, and typing grades, on the one hand, and the minor and manipulative grades (mostly in the Post Office), on the other. The second group, "below the line," included 276,000 civil servants who were, with only a few exceptions, to be given all the freedom enjoyed by industrial employees. These minor and manipulative employees, the committee believed, were far enough removed from administration so that a reputation for impartiality was not of the essence of the problem. But those employees "above the line," even if they were merely typists, were still so intimately connected with the process of administration that the committee did not think it wise to extend political freedom in their direction.

The distinctive quality of the British criterion, as compared with the American, appears most clearly in the committee's recommendation that some 220,000 manipulative employees of the Post Office be allowed to participate in politics. There seems little doubt that the report is correct in estimating as negligible the direct effect of a mailman's political partisanship on administrative efficiency. Certainly the same judgment could be made in the United States. But what could not be assumed here is that politically activated mail carriers would remain immune from becoming instruments of the party in power, and from having their jobs made dependent on their political performance. Thus, in the United States, there might be an indirect effect on administrative efficiency—that is, an effect stemming from a revival of the spoils system. The Masterman Report makes passing mention of the matter in connection with its recommendations affecting the Post Office manipulative staff:

We are aware that this conclusion may appear doubtful in the light of the experience of certain countries in which the postal services have tended to become part of a spoils system. The widespread character of the service and the continual contact between some of its staff and the public make it attractive from the point of view of those who may wish to reward supporters of their party. In this country, however, we feel that reliance can be

placed upon the strong position of the Civil Service Commission, the well-established tradition of non-political appointment and promotion and the attitude of the Unions, to prevent any development of this kind.<sup>26</sup>

In Britain neither the exemptions recommended for the minor and manipulative employees nor those extended to all industrial employees brought forth any opposition. What did cause trouble was the committee's recommendation that for employees above the line specific rules replace general, vague sanctions. Among other things not specifically and clearly prohibited to all such personnel in all departments, the committee listed public speaking on matters of political controversy, the issuance of publications setting forth views on party political matters, and canvassing in support of political candidates. On these matters, especially the last, the staff associations felt that the committee was suggesting that employees "above the line" be subject to more regulatory restraint than had previously been customary. Therefore, the Government's announcement in June, 1949, that the report was accepted and would be effectuated was received very critically.<sup>27</sup> The reaction of the journal of the Institution of Professional Civil Servants was typical when it referred to the "amazing Report of the Masterman Committee" and to a "wave of indignation throughout the Civil Service."<sup>28</sup>

The matter was brought before Parliament first through the medium of critical questions put to members of the Government, and then at the end of July, 1949, in full-fledged adjournment debate.<sup>29</sup> During this parliamentary discussion, reference was made to the opposition coming from the staff associations and to their desire to re-open the matter through the procedure of the National Whitley Council. This was accomplished, and the Government agreed that there was sufficient doubt about the Masterman Report so that the position previously adopted should be re-examined. Finally on November 1, 1949, it was an-

<sup>26</sup> Cmd. 7718, *op. cit.*, p. 21.

<sup>27</sup> 466 H.C. Deb. 77 (June 28, 1949).

<sup>28</sup> 29 State Service 182 (August, 1949).

<sup>29</sup> 467 H.C. Deb. 435-36 (July 13, 1949), 669-70 (July 14, 1949), 2674 (July 28, 1949), and 3005-24 (July 30, 1949).

nounced that for the present effect would be given only to those committee recommendations that freed certain categories of civil servants from existing restrictions. For the rest of the civil service, the Government announced that each department was to keep in force until the end of 1950 the practice that prevailed before the report was received. It was added that this policy was adopted "with a view to the matter being further reconsidered towards the end of that time."<sup>30</sup> In the meantime joint discussions were to be undertaken through the Whitley machinery.

The final result with respect to the employees "above the line" is still in doubt. It seems unlikely that the staff associations' advocacy of sole reliance on a convention of self-restraint will be adopted, although a strong case has been made even outside of union circles for this view.<sup>31</sup> But it also seems unlikely that the Government, having already retreated temporarily from the stringent portion of the Masterman Report, will see fit to resume that position. What is most probable is that the policy finally adopted with respect to administrative and related types of employment will be at least as lenient as prior practice and perhaps even more liberal in some special categories. This would be representative of the trend, stretching over a considerable period, in the direction of freeing more employees from the various prohibitive regulations. It would seem, on the basis of protecting the impartiality of administration from the direct effects of political activity, that the limits of political freedom are still extensible in Great Britain. It is likely, however, that some upper limit will be maintained, for the British show no signs of following the experience of the Weimar Republic which went so far as to allow top-level bureaucrats to become legislators.<sup>32</sup> But there remains, aside from adminis-

trators who stand close to ministerial policy-making positions, a very large group of British civil servants who seem eligible for future dispensations, cautiously allowed on the same basis as those already granted.

#### IV

IN THE decade following the passage of the Hatch Act, the United States has not pursued the British policy of gradual political emancipation of government workers. Of course, the very process of granting exemptions to the political ban would be more cumbersome and difficult in this country. Unlike the British, who have effected changes by administrative orders, we would have to change the existing statute. This change could take the form either of an amendment authorizing an administrative agency, probably the Civil Service Commission, to determine according to statutory standards what groups to exempt, or of an amendment that named the specific categories to be removed from the force of the act. Congress has taken some action along both of these lines, but not in such a way as to establish a pattern similar to the British pattern of differentiation. In 1950, for example, Congress passed a bill, which was vetoed by the President, that would have allowed government employees to participate in local party politics if they lived in certain Virginia and Maryland areas heavily populated by federal workers and so designated by the Civil Service Commission.<sup>33</sup> This was an attempt to liberalize the statutory provision that permits independent, nonparty participation in the local politics of such areas. In vetoing the bill, the President objected to this change because he thought it should apply on a nationwide basis to local political participation.<sup>34</sup> Should the

litical participation by German civil servants, see Fritz Morstein Marx, "Civil Service in Germany," *Civil Service Abroad*, op. cit., pp. 251-59.

<sup>33</sup> H.R. 1243, 81st Cong., 1st and 2nd sess. Conference report adopted June 21, 1950.

<sup>34</sup> Also in his veto message the President indicated his dislike of another section of the bill which would have given congressional committees the statutory right to inspect commission records of its Hatch Act cases. He did not object to that part of the bill which would have empowered the commission to order suspensions of not less than thirty days, instead of being limited to ordering removals, for minor federal violators of the act.

<sup>30</sup> 469 H.C. Deb. 209 (November 1, 1949).

<sup>31</sup> W. H. Morris Jones, "Political Rights of Civil Servants," 20 *Political Quarterly* 364-75 (October-December, 1949); and Douglas Houghton, "Set the Civil Servants Free!" *Tribune*, October 14, 1949, pp. 8-9.

<sup>32</sup> In the Weimar Republic more than one-fourth of the seats in the National Assembly were occupied by civil servants. Carl J. Friedrich, "The German and Prussian Civil Service," *The Civil Service in the Modern State*, ed. by L. D. White (University of Chicago Press, 1930), p. 387. For an extensive discussion of po-



measure become law over the presidential veto, it would bring no substantial change in the basic prohibition of the Hatch Act—it would affect only a relatively small and special sphere of activity, and would not portend any course of deviation from the general ban.

The only large-scale, general exemption from the provisions of the Hatch Act was accomplished by a 1942 amendment that lifted the ban completely from personnel employed by federal, state, or private educational and research institutions.<sup>35</sup> This meant largely the teachers in those parts of state systems, such as land-grant colleges, which were supported in part by federal funds. While in numbers this was a significant exemption, it has little importance as a precedent for congressional policy with respect to civil servants generally. Teachers have always been regarded as being in a very special category of government employment, and not, customarily speaking, as belonging to the civil service. There is even some suspicion that their original inclusion under the Hatch Act was the result of a congressional oversight. The exemption of teachers would, at any rate, conform with the *raison d'être* of the Hatch Act. For since traditionally teachers were not used as agents for political machines, there was no point in applying the act to them. It is doubtful whether any other large category of government employees could be exempted by the application of the same criterion.

That criterion—of a group's established disassociation from political machines—is likely to be retained by Congress as the basis for exemption from the Hatch Act as long as the act rests on the need to legislate against the evils of the spoils system. This, then, leaves the question of whether such a need is still a real one in the United States. Or can we now begin to think, as do the British, in terms of framing a ban on political activities aimed at the different and limited evil of partiality in administration? Here it must be said that the burden of proof rests on those who believe that the political environment has substantially changed from that which bred the spoils system and led

to the drastic legislation of 1939 and 1940. It is not impossible that in the last ten years American political morality has undergone some kind of transformation so that now our behavior resembles that of the British. This is not an uncommon assumption. It underlies the contemporary remark of a British writer that it is only a matter of time, and not of kind, before we deal with political activities of civil servants merely in terms of adjusting individual rights to the needs of administrative neutrality.<sup>36</sup> But it is difficult to make the case that we are now at this point. On the contrary, the Civil Service Commission's summary of its Hatch Act hearings indicates that American political machines have by no means abandoned attempts to use the civil servant for their own purposes.<sup>37</sup>

There is enough evidence to justify a specific caution on the score of seeking to follow the British practice of progressively removing the restrictions on political activity. Any American investigating committee in this area would have to do more than decide, as did the Masterman Committee for Great Britain, that participation by certain kinds of employees would not affect the impartial nature of administration. That much a congressional committee, no less than a royal commission, could readily decide with respect to industrial workers and manipulative employees. These are as far removed from administration in the one country as in the other. But in the United States it would also be necessary to learn whether any given portion of the government service was removed from the sphere of possible activities of political machines. Any substantial reconsideration of the Hatch Act must begin with a study of American politics. The results in terms of policy, there is reason to believe, might be very different from the practices of Great Britain. For the answer to the question of political activities of civil servants must, as Herman Finer has observed, "differ in each society, for not all are on exactly the same level of public spirit, political maturity, social equanimity."<sup>38</sup>

Message of June 30, 1950, H.R. Doc. No. 630, 81st Cong., 2d sess.

<sup>35</sup> P. L. 754, 56 Stat. 986 (1942).

<sup>36</sup> Jones, *op. cit.*, p. 366.

<sup>37</sup> U. S. Civil Service Commission, *Hatch Act Decisions*, *op. cit.*, Part II.

<sup>38</sup> Herman Finer, *op. cit.*, p. 885.



# Reviews of Books and Documents

## Administrative Management Know-How

By Ewing W. Reilley and Richard F. Neuschel, McKinsey & Company

**SIMPLIFYING PROCEDURES THROUGH FORMS CONTROL.** Management Bulletin, U.S. Bureau of the Budget. U.S. Government Printing Office, June, 1948. Pp. 51.

**APPRAISAL AND CONTROL OF DUPLICATING SERVICE.** Management Bulletin, U.S. Bureau of the Budget. U.S. Government Printing Office, April, 1949. Pp. 44. \$0.30.

**PRODUCTION PLANNING AND CONTROL IN OFFICE OPERATIONS.** Management Bulletin, U.S. Bureau of the Budget. U.S. Government Printing Office, October, 1949. Pp. 80. \$0.35.

THESE three bulletins are part of the continuing effort of the United States Bureau of the Budget to help all federal agencies strengthen their performance and reduce costs through the application of better administrative methods. As implied by their titles, the bulletins have to do not with broad principles of administration but with the development and application of three basic techniques or sets of mechanics through which large groups of administrative labor carry out the programs and policies of the organizations with which they are identified.

Although the subject matter deals with practical day-to-day problems of office operation, the treatment, in each instance, is fundamental and the application broad. One of the great strengths of these writings is that each places the administrative technique under consideration in its proper perspective by relating it clearly to such other management devices as programs, policies, administrative goals, organization, and procedures.

In addition, the principles set forth, as well as the case studies and other illustrative material used, are drawn from the best practices of both business and government. Hence, al-

though forming a part of the President's government-wide management improvement program, the substance of these three works also has wide application in any institutional or business organization employing substantial numbers of clerical workers.

### I

IN TERMS of potential contribution to more effective office management, *Production Planning and Control in Office Operations* is probably the most significant of the three studies. Its aim is to show "how to get desired speed, quality and economy in large-scale office production" through application of many of the production planning and control techniques that have proved successful in manufacturing operations. More specifically, some of the means by which production planning and control help to attain these goals are (1) increased manpower utilization through the reduction of idle time beyond the worker's control; (2) acceleration of the whole procedure cycle through changing the sequence of operations; (3) more accurate definition of job content which, in turn, facilitates training and supervision; (4) prevention of overmanning through provision of more reliable information for expense budgeting; (5) reduction of overtime and rush work through the exercise of better control over work flow; and (6) reduction of errors through more systematic determination of the best basis for specialization.

Part I of the bulletin covers the problems of work identification and planning. Its approach is based on the sequential steps of preliminary fact gathering, analyzing work steps, dividing the flow of work, and improving sequence and methods. The principles and techniques discussed in these four steps are supplemented by

nine excellent case studies of theory in practice.

As a preliminary to its discussion of these steps individually, the bulletin points up its broad perspective by relating production planning of office operations to the real needs and objectives of the organization. It establishes and emphasizes repeatedly the fundamental premise that procedures, work flow, and manpower complements cannot be planned intelligently unless management first defines accurately its production objectives or administrative goals in terms of "How much or how fast? How well? And within what cost limitations?" This point is worth all the emphasis given to it, for often these speed, quality, or cost goals and the relative importance among them are either imperfectly defined or not defined at all. Yet they represent the only reliable basis for planning and "the only meaningful definition of efficiency." Perhaps more important is the fact that without such goals, the relationship between broad program objectives and administrative performance is lost or only vaguely perceived.

Against a clearly defined background of administrative goals, production planning of office operations begins with the orientation and fact finding that must precede any organized planning endeavor. In this instance, as the bulletin points out, the essential facts include organization structure; functions and activities performed; classes of jobs; present division, flow, and volume of work; physical layout; detailed tasks or work steps; and clerical methods.

Step two consists of both a qualitative and a quantitative analysis of the items or units of work and the work steps performed on them. Identification of the object on which work is done is important principally to detect, among work units, significant dissimilarities that complicate the procedure or increase skill and experience requirements.

The qualitative analysis of work content is aimed at determining the skills, abilities, knowledge, sources of information, and equipment required to perform each step. It is essentially an exercise in identifying meaningful similarities among work steps in terms of what the workers "must know, have, and be to do what they do." Here the bulletin offers a number of useful suggestions on making differ-

ent work steps alike and on minimizing differences so that less diversification of skill or knowledge is required among the work force.

The quantitative determination consists of finding out how much work is done at each step and how long each step requires.

Following this fact gathering and analysis, the third step in production planning consists of dividing the flow of work among the positions or groups constituting the organization. This is the point at which the bulletin makes its greatest contribution to the techniques of planning office operations. It divides the task of planning work flow into two parts: (1) selecting the basis of specialization (e.g., purpose to be served, place of origin, type of clientele or commodity involved, etc.) and (2) selecting the fundamental pattern for channeling the units of work. For each of these steps the bulletin contains a clear exposition of the available choices and the factors to be weighed in choosing among them.

The discussion of three basic patterns of work flow should be of particular interest because of the bearing that this factor has on speed of performance, job content and skill or training required, work quality, manpower requirements, and worker interest and satisfaction. Briefly the three work flow patterns considered are: (1) the serial or assembly-line pattern under which all work moves through a single channel with specialists in different processes or work steps acting upon it at each station; (2) the parallel or concurrent pattern under which the flow of work is divided among a number of work teams, each completing all or nearly all the steps for the cases assigned to it; and (3) the unit-assembly pattern under which different workers perform different steps on the same work item at the same time.

The description of these techniques is supplemented by a number of case studies and flow charts which show concretely how the three work distribution patterns have been applied, individually and in combination, by such agencies as the Patent Office, the Bureau of Naval Personnel, the Military Personnel Division, and similar large-volume office units.

The fourth step in production planning is that of studying and, if possible, improving sequence of steps and work methods within the flows of work that have already been de-

veloped. For the most part, these are matters of detailed methods, motion economy, and work place layout. The scope of this step and its relationship to the other elements in production planning are outlined. The techniques of analyzing and improving these factors, however, are not discussed since they are dealt with extensively in other management literature.

Part II of the bulletin deals with the problem of controlling work as it moves through the channels established by the production planning phase. It outlines a four-pronged attack aimed at ensuring that once office work is properly planned and organized, it does in fact proceed smoothly and efficiently through the organization. The four key steps are (1) reducing fluctuations in the work load, (2) balancing the working force with the work flow by assigning the correct number of people to each station, (3) scheduling the work so that it will reach work stations and workers in optimum amounts at the proper times and in the correct sequence, and (4) dispatching the work to work stations according to the schedule.

The section on reducing volume fluctuations offers many practical ideas for stabilizing the work load, thereby minimizing manpower requirements and providing more dependable service. Among these are suggestions for influencing the volume and timing of work coming into the office, controlling the backlogging and release of work within the office, and shifting, from time to time, the sequence of steps through which the work must pass.

Balancing the procedural "pipe line" is largely a matter of ensuring an equitable distribution of workers among the various work stations, considering the volume and time requirements at each point. The basic objectives, of course, are to prevent bottlenecks and to avoid putting undue pressure on some workers while leaving others idle.

The key steps in this process are to determine, first, the amount and variability of incoming work and, second, the present capacity of each work station. Here the bulletin suggests a number of methods that have been used successfully to determine maximum capacity. An important caution included at this point is that a balanced pipe line may easily become

unbalanced. Since clerical methods, worker skills, and the work itself are undergoing continuous change, the pipe line must be contracted or expanded as these changes take place. Several methods of maintaining the desired flexibility in the work force are suggested.

The next control step—scheduling—consists of determining (1) the intervals at which work should be released from the backlog, (2) the amount to be released at each interval, and (3) the time at which work should reach various stages of completion. The techniques and forms discussed are of particular importance where fast, uniform service must be given to clients or where parts of a given transaction are handled concurrently by different groups and then brought together at a specified point.

The final step in the control process is dispatching. Essentially this is nothing more than the "execution phase of scheduling." The bulletin discusses several control sheets, route slips, and other forms useful in releasing, expediting, and following up work and in minimizing the volume of old-date cases.

At some points throughout the bulletin the relationship between production planning and organization is not drawn so clearly as it might be. Although reference is made to "organization structure at the operating levels," the text seems to convey the idea that the details of work flow should have a greater impact on organization structure than was probably intended by the author. The organization planning referred to in the bulletin is more nearly a matter of determining job content on the basis of a logically divided flow of work. To be sure, properly defined jobs are the "building blocks" of sound organization, but only for the construction of the smaller units of which they form a part. They are governed by, rather than serving to govern, the total responsibility of each major unit, the limits on its authority, and its basic relationships with other units. These larger elements of the organization plan arise from the definition of broad objectives and programs and, therefore, precede any determination of the work steps and work flow which should govern the cells of organization.

In no sense does this point lessen the bulletin's real contribution to the literature of office management. It is, in total, an articulate and thoroughgoing treatment of an important

management technique which is only beginning to be applied to nonmanufacturing activities.

## II

THE bulletin *Simplifying Procedures through Forms Control* is very nearly a definitive work on the subject. Although it was originally prepared solely for the use of federal agencies, so many requests for it were received from business firms, state and municipal governments, and universities, that it has now been reprinted for wider distribution.

This bulletin, like the first, is divided into two parts. The first deals with forms control in the scheme of administrative management and the second with forms control in action.

Part I is addressed specifically to the administrative supervisors, executives, and officials who need to know something about the part that forms play in the execution of government or business programs. Its purpose is to show what forms control means, why it is necessary, what it will do for the organization, and how it can be accomplished.

The principal theme of this section is that "forms control should pay double dividends." The most obvious and direct benefit, of course, is economy in the design, production, and use of forms themselves. But, again, holding to a broad, fundamental approach, the bulletin stresses the point that forms are an index of procedural and organizational problems and opportunities. Nowhere is this stated better than in the following:

In general . . . forms are a reflection of the work methods, operating procedures, and management know-how which give rise to their use. If an agency's forms constitute a simple, orderly plan showing clear and related purposes, there is reason to believe that its personnel—knowing what they are doing and why—may be giving fairly efficient service. If, on the other hand, its forms constitute an unintelligible tangle of red tape, it is pretty safe to assume that its methods and procedures—its service to the public—are in much the same shape. Therefore, great as may be the savings from eliminating unnecessary forms and getting all necessary ones properly related to existing procedures, *forms control offers a still greater value as a means of detecting the need to treat the procedures themselves.*

Against this background of the objectives to be achieved, Part I of the bulletin sets forth a

working definition of forms control and a statement of its scope. These set the stage for a discussion of a seven-point program of forms control. The section concludes with a consideration of two matters of organization responsibility and relationship. The first discusses the staff characteristics of the forms control function as well as the relationship of the staff to various sources of technical aid such as statistical and drafting personnel, printing and duplicating units, and the like. The second point emphasizes the often repeated need for top-management support of any program which, like forms control, cuts across all segments of an organization. Here, however, "top-management support" is given specific definition in terms of the steps needed to launch the program properly and to make sure that it maintains momentum and gets results.

Part II of the bulletin is written for the practitioner. It deals extensively with the "how" of forms control. In outlining the detailed steps for getting the forms control program under way, it treats such subjects as collecting and classifying existing forms, setting up functional and numerical files, establishing physical standards, developing a form numbering system, and establishing the control procedure.

The section on "Analyzing Forms and Their Functions" is particularly well written and broad in its perspective. It implies that the design of every form has an important effect on the time required to fill it out initially, to distribute it, to add information to it, to transcribe information from it, to interpret it, to file it, and to find it. Thus, in order for design to contribute to efficiency of operation, forms "must be examined in relation to the specific working purposes they serve (or fail to serve) and in relation to the specific working methods by which those purposes are sought."

Many of the techniques and practices described in Part II are illustrated by "before" and "after" facsimiles of forms, design check lists, charts for forms analysis, and so forth. The appendix contains a set of common forms design standards that should be useful to those responsible for setting up or evaluating a forms control program.

Although many of the techniques and stand-

ards discussed in this bulletin have previously been outlined in various periodicals, the bulletin is a very useful and timely codification of the best practices in the field of forms control.

### III

THE principal value of the third bulletin, *Appraisal and Control of Duplicating Service*, is that it deals with a service activity common to most offices of any size and one for which few standards of evaluation have been established. Almost every office has a duplicating unit, but few office managers or administrative service officials have any rational basis for determining whether the unit is doing a satisfactory job in terms of cost, speed, and quality of reproduction. The bulletin does not attempt to supply such standards. Rather it outlines a guide or approach that can be used by others in developing the bench marks by which to judge the need for and efficiency of duplicating services within their own organization.

The chapter on "Management's Interest in Duplicating Service" offers a systematic approach to the recurring question of whether to "make or buy"—which, in this instance, of course, means whether the organization should maintain its own duplicating facilities or have its reproduction work done by outside shops. The bulletin also suggests to management various ways of getting the information needed for occasional appraisal as well as for regular control of the duplicating activity.

For the front-line supervisor in charge of the duplicating unit, the bulletin discusses the application of such technical devices as produc-

tion, quality, and cost control to his type of job-shop operation. The subjects discussed include manpower and equipment utilization, scheduling, dispatching, inspecting, production recording and reporting, and cost reporting. Users of duplicating services and equipment should find additional value in the two-page chart, "Guide to Reproduction Methods," which capsules in convenient form the important criteria to be used in choosing the best processes for specific jobs.

### IV

THESE three bulletins, together with those on process charting and work measurement also produced by the U. S. Bureau of the Budget, constitute a well-equipped kit of working tools for anyone engaged in the planning, analysis, or management of office operations. They also contain much that should help to raise the sights of higher levels of management regarding the role of administrative labor in the broad scheme of program execution and policy implementation.

In addition, the bulletins are well adapted to the interests and the "receiving apparatus" of the key readers to whom they are directed. The discussion of principles is lucid; the style is simple and yet forceful. Questions that are raised during the technical presentation are cleared up by the abundant and well presented case material.

One finds great encouragement that in all these respects the federal government's "captive" management staff is doing such an able job of spreading administrative management know-how.



# Contemporary Topics

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## INTERNATIONAL

### *International Congress of Administrative Sciences*

The Eighth International Congress of Administrative Sciences, organized by the International Institute of Administrative Sciences, met at the invitation of the Italian government in Florence from July 25 to August 3. Twenty-one governments accredited official delegations to the Congress, including the government of the United States. The personnel of the official American delegation was: Donald C. Stone, chairman; Everett H. Bellows; Ralph J. Burton; Rowland Egger. Other American delegates were present from ECA missions in Greece and Italy, the High Commissioner's Office in Germany, and UNESCO.

The work of the Congress was organized around three major topics: (1) administrative practices; (2) international administration; and (3) central administration. Donald C. Stone was chairman of the series of meetings dealing with administrative practices, the discussions of which centered upon the work of organization and methods units in the several countries, and upon the techniques of management improvement generally. Walter R. Sharp, of the UNESCO Department of Social Science, was the general rapporteur of the sessions on international administration; his general report was the outgrowth of a joint inquiry undertaken by UNESCO and the Institute into the problems of and methods by which national governments have reoriented their administrative machinery and operations more effectively to discharge their obligations arising from participation in international organizations. E. Seeldrayers, of the Belgian Ministry of Finance, and editor of the *Revue Internationale des Sciences Administratives*, served as general rapporteur for the sessions on central administration, which were prima-

rily concerned with an analysis of the common characteristics of central administrative institutions of continental governments.

A number of modifications of the statutes of the Institute relating to the composition of the Bureau, or governing body, elections to titular membership, etc., were adopted at the General Assembly on August 1. Dr. Oscar Leimgruber, chancellor of the Swiss Confederation, was elected to a second and statutorily final term as president of the Institute. Herbert Emmenrich was re-elected vice-president. The Institute will sponsor a conference on constitutional courts and on the teaching of administrative law in Monte Carlo in 1951, and, if local arrangements can be satisfactorily concluded, will meet in congress at Istanbul in 1953.

### *United Nations and Point Four*

A three-day UN Technical Assistance Conference discussed a program and sources of funds to implement that program. A total of \$20,012,500 was sought for assistance to spur improvement in the standard of living of people in economically underdeveloped lands. The United States pledged \$12,012,500 for the first eighteen months of this program, the funds to come from the amount appropriated by Congress in the Foreign Economic Assistance Act for technical assistance to economically underdeveloped areas under the Point Four program. The program is designed to assist the economic progress of underdeveloped countries by providing experts, information, fellowships, advisory missions, research equipment, and other facilities. The exchange of administrative techniques is expected to be a part of the assistance. The broader aspects of the United States program were discussed in the spring issue of the *Review*, p. 137.

*Seminar in Public Personnel Management*

The initial seminar of the program of the UN Technical Assistance Administration for training in public administration (see Winter, 1950, *Review*, p. 57, and Summer, 1950, *Review*, p. 214), opening October 30, 1950, is in the field of public personnel management. Representatives of at least thirty nations are expected for the three-month seminar. Among nations that had designated representatives by mid-October were Australia, Belgium, Canada, China, Denmark, Ecuador, Egypt, Greece, Haiti, Norway, Pakistan, Philippine Islands, Thailand, United Kingdom, United States, and Uruguay.

The group will spend November and January in group discussions at UN headquarters in New York; the month of December will be devoted to the observation of personnel practices in local, state, and federal governments. It is anticipated that during this period in the field, members of the group will be able to meet with local chapters of ASPA. In the first month the group will examine the general aspects of civil service and the nature and scope of its activities, under the leadership of a number of authorities in the field. The month of January will be devoted in large part to the methods and techniques of personnel administration. Among the subjects to be considered are position classification, recruitment and selection, determining and administering salary plans, and the techniques of evaluating employees.

The program for training in public administration was authorized by the UN General Assembly in September, 1949, as a part of the general technical assistance program of the Economic and Social Council. In addition to seminars on administrative problems, the program provides for fellowships and scholarships for civil servants of the various member states and the exchange of technical information on administrative subjects.

*Recruitment Methods for International Agencies*

Recruiting for the United Nations and the specialized agencies presents a variety of administrative problems. They include the difficult choice between absolute standards of effi-

ciency and wide geographical distribution of personnel; the choice between universal promotion from within and appointments from without; and the choice between excess standardization of personnel requirements of all the agencies and lack of transferability among them because of diverse personnel systems. Considerable progress toward a solution of the last point was made in a report, *The Recommendations of the Committee of Experts on Salary, Allowance and Leave Systems as to Organization and Classification of Staff* (UN Document A/C.5/331), in which it was proposed that the international civil service should be divided into four main categories. This recommendation is reaffirmed and is made the basis of a new and important *Report on Recruitment Methods and Standards for the United Nations and the Specialized Agencies*, issued by the International Civil Service Advisory Board (UN Publications Sales Number: 1950. X.4. Price 30¢).

This second report contains well considered, definite, yet flexible, recommendations to the principal international agencies on such matters as general recruitment policy, promotion, internal organization for recruitment, qualification standards, the search for candidates, evaluation of candidates, and inter-agency transfers and promotions.

The international Civil Service Advisory Board advises, in addition to the United Nations, the following specialized agencies: International Labor Organization; Food and Agriculture Organization of the United Nations; United Nations Educational, Scientific and Cultural Organization; International Civil Aviation Organization; International Bank for Reconstruction and Development; International Monetary Fund; World Health Organization; and International Refugee Organization.

The members of the Civil Service Advisory Board are: Messrs. Thanassis Agnides (chairman), Leon Baranski, Charles H. Bland, Arthur S. Fleming, Ebbe Groes, Luiz Simoes Lopes, J. Morellet, Sir A. Ramaswami Mudaliar, and Dame Mary G. Smieton. John McDiarmid of the United Nations Secretariat is secretary of the board.

*UN Begins Move to New Headquarters*

On August 18, 1950, the first items of United Nations equipment were moved from Lake Success to the new permanent headquarters, Franklin D. Roosevelt Drive, between 42d and 48th Streets, Manhattan. The following Monday, 450 staff members of the UN Secretariat began work in the new glass and marble headquarters. The bulk of the equipment and the remainder of the UN staff are expected to be in the new buildings by January 1, 1951.

## NATIONAL

*Top Security Organization*

Partly as a result of the fighting in Korea, the effort to improve the system for the top coordination of diplomatic and military affairs was intensified in July and August.

The special assistant to the President in the field of foreign affairs, W. Averell Harriman (whose appointment was noted in the summer, 1950, number of the *Review*, p. 217), was instructed by the President to attend the meetings of the National Security Council and to study its operations in the light of the Korean experience. The council has a statutory membership, but the President is free to instruct others to attend its meetings. The President also has the Secretary of the Treasury, the chairman of the Joint Chiefs of Staff, the director of the Central Intelligence Agency, and his special consultant for national security (Admiral Souers) attend the sessions of the council.

Each department and agency which is normally represented at the council's meetings has been asked to provide a staff member to serve virtually full time with the council. The President himself appoints these members to serve on a small senior staff group, under the chairmanship of the executive secretary of the council, in order to coordinate all council staff work and bring the various departments and agencies into a closer relation with the council.

The chairman of the National Security Resources Board, who is a statutory member of the National Security Council, was put in a stronger position with respect to the nation's war mobilization program by two reorganization plans that were reported in the previous number of the *Review*, p. 214. With the council, the board was transferred last year to the

Executive Office of the President, and this summer all statutory responsibilities of the board were concentrated in its chairman and the board made advisory to him. No Senator or Representative even introduced a resolution of disapproval of these plans.

The Secretaries of the three armed services departments within the Department of Defense constituted themselves as a new executive committee, "The Joint Secretaries," to deal with matters having broad international and political implications that go beyond the military scope of the Joint Chiefs of Staff.

The Joint Secretaries either make recommendations to the Secretary of Defense, or, on matters within their authority as individuals, issue orders to their respective departments. The Secretary of Defense appointed Edward T. Dickinson, Jr., to the position of assistant to the Joint Secretaries.

The whole system for the coordination of diplomatic and military affairs, among the other aspects of the administration of foreign affairs and overseas operations, is being studied under a contract with the federal government by the Brookings Institution. The study, which was undertaken with the approval of the President, is to be financed from his management improvement fund. This study was undertaken partly in response to the Hoover Commission's recommendation for a new study of the administration of overseas operations.

*Congress, the President, and Mobilization*

The President, in various press conferences and public statements, made it clear during the summer that he proposed to deal with the international crisis by using the regular departments and agencies of the government as much as possible, and to set up new agencies only when necessary.

One of the main administrative issues in the defense production bill was whether emergency powers be granted to the President, or to another officer. At one stage of the proceedings, the Senate passed the bill with a provision granting authority directly to the Secretary of Commerce, but in conference the two Houses agreed to give the power to the President with authority to delegate it.

As the defense production bill went to con-

ference, both Senate and House versions provided two ways of terminating its grant of powers. The first was an automatic termination date (June 30, 1951 or 1952). The second was a provision that the emergency powers could be brought to an end earlier, either by action of the President alone or by concurrent resolution of the Congress (a form of action which does not require presidential signature). The Senate version also provided that by concurrent resolution the Congress could bring to an end at any time any section of the act. Government lawyers were beginning to argue over the question whether an act could constitutionally provide for its own repeal by the President or by the Congress acting alone (instead of by the regular constitutional procedure) without making the action turn on the finding of some specified fact or condition.

Whatever the decision on this point, it will mark a new stage in the development of the legislative veto, the procedure under which the last three reorganization acts have operated, and which was first analyzed in this *Review* by John D. Millett and Lindsay Rogers (Volume I, No. 2). A somewhat similar procedure, which has a longer history, is that by which congressional reapportionment is effected.

After the 1920 census, Congress failed to reapportion itself as required by the Constitution; the reapportionment based on the 1910 census lasted until the 1933 Congress. To prevent itself from repeating its failure, the Congress enacted in 1929 a bill providing an automatic procedure by which the census director transmitted through the Secretary of Commerce to the President, and the President transmitted to the Congress, a calculation of the new apportionment of seats based on the new census figures, and worked out according to each of two mathematical methods. A new act in 1941 provided for the same procedure, but by a single mathematical method. Finally, Reorganization Plan No. 5 of 1950 transferred the statutory responsibility for computing reapportionment (along with most other responsibilities assigned by law to subdivisions of the department) to the Secretary of Commerce.

The Congress is accordingly now being reapportioned by the executive branch, acting

in a ministerial capacity according to legislative standards. Congress, of course, retains the right (by statute) to make any change it desires in either the reapportionment or in the system by which it is effected. But unless Congress passes a new law on the subject, the reapportionment transmitted by the President will be passed on by the clerk of the House of Representatives to the governors of the states within fifteen days after Congress convenes in 1951.

#### *Reorganization and Management Improvement*

Washington was talking less about management improvement and more about war mobilization as the summer drew to a close, but nevertheless the total score for reorganization and management improvement in 1950 was impressive.

The Congress had approved twenty of the President's reorganization plans, including four of the last group of six mentioned in the summer number of this *Review*, p. 214. The conspicuous rejection was the plan to convert the Federal Security Agency into a Department of Health, Education and Security; the Congress was not appeased by the President's decision, on this second try, to set up an agency in which the constituent units would have a measure of independence. This decision, which fell far short of the Hoover Commission's ideal of centralizing departmental responsibility in a responsible department head, was made in an effort to meet the objections advanced by the Congress when it rejected the welfare department plan of 1949.

The Budget Bureau pointed out in its *Management Notes* that the twenty plans accomplished three broad purposes: improved central administration for the executive branch; strengthened lines of executive responsibility; and the reassignment of various functions according to major purpose.

A deadlock in one of the most controversial fields of government regulation continued throughout the summer, partly as a result of the defeat of one of the reorganization plans. The Congress had vetoed the plan which would have reorganized the National Labor Relations Board after the pattern recently adopted for other regulatory commissions, and

thus had left the general counsel of the agency independent of the board itself. The general counsel denied the board's authority to review his appointment of directors of field offices; the board directed the chief of the administrative division to ignore the appointment of one such officer by the general counsel; and the board, through its solicitor, and the general counsel were in open conflict before the United States Circuit Court of Appeals over the content of a brief filed in the name of the board by the general counsel.

The obstacles to coordination are not all automatically cleared away by centralizing statutory authority in the head of the department; the control of funds is also involved. The Department of the Interior found this out again shortly after its reorganization plans went into effect. The program staff in the office of its Secretary had been superintending the work of a number of committees of field officers of various bureaus of the department. The expenses of these committees had been shared by the bureaus from which their members had been drawn. The House Appropriations subcommittee, however, insisted that instead the costs of such committees be carried entirely by the Secretary's Office, the appropriation for which it has controlled with some rigor in the past.

The President met again with his Advisory Committee on Management Improvement in June and asked for reports from the committee on the progress made by the executive branch in carrying out Hoover Commission recommendations and in establishing an effective management improvement program.

The Bureau of the Budget, which serves as staff to the Advisory Committee, was able (in its *Management Notes*) to report progress in a considerable number of agencies. Without creating any formalized committee machinery, the Budget Bureau has worked for some time with informal committees of the principal administrative officers of the executive departments and agencies and their principal budget and personnel officers. In the second number of *Management Notes* the Bureau described the work of the Management Committee of the Department of Defense, the system of inter-

locking management committees in the Department of Agriculture, and similar efforts in the Bureau of Internal Revenue and the Federal Mediation and Conciliation Service.

While these efforts were being made to improve the organization and management of the executive branch, an inconspicuous step was taken to help relieve the President of minor administrative burdens. Constitutional lawyers have always differed over the extent to which the President may delegate to subordinates functions that have been imposed on him by law. The Congress enacted in August a bill to permit the President to delegate to any department or agency head, or to any official whose appointment is approved by the Senate, any function vested by law in the President. With an eye on the old constitutional issue, however, the Congress noted that "this act shall not be deemed to limit or derogate from any existing or inherent right of the President to delegate the performance of functions vested in him by law."

#### *Personnel*

The legislation to decentralize the examining and recruiting process was stalled at the end of the summer. (Among the conspicuous opponents of the legislation were the veterans' organizations.) The President's Executive Office and the Civil Service Commission were nevertheless going ahead with other plans to improve the top administrative and executive personnel of the government.

The committee headed by Donald S. Dawson, the administrative assistant of the President specializing in personnel matters, which was asked in May to prepare a plan to provide candidates for major positions in the federal service, was awaiting a report by its staff director, John F. Mee, on leave for the summer from his position as director of the bureau of personnel relations at Indiana University. At the same time, the report of the committee set up by the Secretary of State to make recommendations on the steps that should be taken to unify the foreign service and the civil service of the Department of State was due to present its findings.

While the Congress was looking with considerable caution on new legislation regarding



the federal recruitment process, the Civil Service Commission during July was making arrangements with the Defense Department to give the armed services the option of expanding their civilian personnel by emergency procedures. The war agencies may use the civil service registers, without being limited to a choice of the top three eligibles on any register; and finally they may go outside the registers altogether and hire directly to fill their needs. The employees chosen in this manner, however, will be given temporary indefinite appointments, which will not give them the right to go into the civil service retirement system or gain permanent civil service status.

A rider (by Thomas of Texas) to the supplemental appropriations bill, as passed by the House in August, would require (if finally enacted) that after September 1, 1950, all appointments, promotions, and transfers in the classified service be temporary in order to prevent an inflation to the classification of positions like that which took place in World War II.

The perennial problem of protecting the merit system from partisan abuse came up again during the summer. The Hatch Act had required the dismissal of any employee found guilty of violating the provisions prohibiting participation in political campaigns. This penalty had been found too severe for trivial and borderline cases. Then, too, there was considerable sentiment for permitting federal officials to take part more freely in local elections.

The Congress passed an act in June permitting federal workers (in communities where they constituted more than half the electorate) to take part in municipal and county politics, not only as independents but as party candidates or campaign organizers. The bill also permitted the Civil Service Commission, by a unanimous vote, to set a penalty less than permanent dismissal—for example, suspension for thirty days, or more—against any employee found guilty of minor infractions of the Hatch Act. By requiring unanimous action, and by requiring the submission of reports and confidential records to the Congress, the law was expected to prevent any partisan favoritism.

The President did not want either to sub-

mit confidential personnel records to the Congress or to give federal workers the right to take part in local politics on a partisan basis, and accordingly he vetoed the bill. The Congress omitted these provisions and passed a new bill, which the President then approved, to permit the milder penalties for Hatch Act violations.

#### *Training and Recruiting Executives*

The Civil Service Commission has granted authority to two departments—Navy and Agriculture—to promote potential executives across the boundaries that divide various management specialties (e.g., budgeting, personnel), without regard to the limitations of certain specific regulations. It is now the commission's policy to grant such permission when it approves a department's systematic plan for the selection and training of potential executives.

The Navy's plan provides for the transfer of professional and scientific employees to administrative work, and the transfer of administrators to new fields of interest. It is based partly on the Navy's extensive participation in the Civil Service Commission's administrative intern programs, and on studies of personnel administration in private industry.

Agriculture's plan calls for selection of trainees by selection boards, assisted by the office of personnel. Each person selected goes through a program which is developed especially for him in the light of his individual needs.

The Department of State is carrying on a training program both for interns and for the middle range of administrators. Interns are chosen from lists of nominees by colleges; they are appointed in the State Department staff corps, and receive training that usually includes some courses at the Foreign Service Institute.

The Civil Service Commission has broadened its Junior Management Assistant examination with the purpose of encouraging the recruitment of more candidates who can develop into general administrators of the highest rank.

The examination in the past has been based largely on an administrative judgment test,

and has been designed to recruit for positions in such fields as budgeting, personnel, and organization and methods work. For 1950-51, the examination will include a new alternative test in the broad field of public affairs, so as to attract more persons for general administrative duties in a wide variety of programs for which knowledge of the social sciences may be useful.

The examination is not intended to recruit for research positions in the social sciences, which will continue to be filled through specialized professional registers.

Among those who passed the JMA examination last year, the average age was 23, and 55 per cent of them had done graduate work. About 3 per cent of the total number had not graduated from college. Almost nine out of ten had taken one or more courses in public or business administration; among those who had attended graduate school, 35 per cent had majored in public administration, 34 per cent in various social sciences, and 18 per cent in business administration. Among those without graduate work, 54 per cent majored in social sciences, 30 per cent in business administration, and only 4 per cent in public administration.

#### *Omnibus Appropriation Act*

The omnibus appropriation bill was adopted at the end of August without the restrictive Taber-Thomas and Jensen amendments described in the summer number of this *Review* (p. 216), but with various other conditions attached.

The bill included a provision for a mandatory loan to Spain, over the very strong objections of the President and the Department of State. After the bill was passed, several Congressmen began to argue publicly whether the President could withhold the loan, in view of his constitutional control of foreign relations.

The bill also included an economy amendment directing the Bureau of the Budget to use the apportionment procedure of the act to reduce appropriations and contract authorizations by at least \$550,000,000, "without impairing national defense." The Budget Bureau has in the past occasionally used the apportionment

procedure to hold back the expenditures of money appropriated by the Congress, but the Congress has never before directed it to do so as an alternative to making the cuts itself.

#### *Budget and Finance*

The Budget and Accounting Procedures Act of 1950, which amends the Budget and Accounting Act of 1921 in several important respects, is the result of the Hoover Commission reports; the subsequent cooperation of the General Accounting Office, the Treasury Department, and the Bureau of the Budget; and the activity of the congressional Committees on Expenditures in the Executive Departments.

The act by no means took the Hoover Commission doctrine undiluted. The House, even though its members talked of the bill as one to put the commission's recommendations into effect, refused to accept several of its recommendations—for example, that an accountant general be created; that budgeting be required on a "performance basis"; and that the budget be required to distinguish between capital and current expenditures.

The act, however, authorizes the President to determine the form of the budget (within certain limits), and permits him to submit the budget within fifteen days instead of immediately at the beginning of the regular session of Congress. It instructs the Comptroller General, the Secretary of the Treasury, and the Budget Director to continue their efforts to improve the budget and accounting system; authorizes the Comptroller General to determine the principles and standards for accounting and reporting; and, within those standards, instructs the heads of departments to set up accounting and reporting systems, which, as soon as the Comptroller General considers them adequate, are supposed to make unnecessary the maintenance of detailed accounts in the General Accounting Office.

The act provides that the personnel ceilings, which the Budget Bureau has been directed by statute to enforce on its own authority, be discontinued, so that the control over the personnel totals of any agency will now be maintained by budgetary controls on the authority of the President.

At the request of Representative Cannon, chairman of the House Appropriations Committee, the Bureau of the Budget has undertaken a study of the accounting practices of all departments and agencies in relation to the budgetary procedure. Each large department is being studied by a team including one man from the Bureau of the Budget, one from the General Accounting Office, and one from the agency itself. The next budget may be presented on a basis of the bureaus and subdivisions of a department instead of on a program or performance basis, except where the accounts themselves can be put on a program basis. The House of Representatives has tended to favor a greater quantity of detailed information on personnel than was implied in the Hoover Commission recommendations. Representative Taber's amendment, which was adopted with the Budget and Accounting Procedures Act, requires that future budgets be accompanied by the same estimates of the costs of personnel services as were included in the 1950 budget.

New financial arrangements were made by law this summer for three agencies which have operations of a more or less "business" type. The Bureau of Engraving and Printing and the National Bureau of Standards, both of which do extensive operations for other governmental agencies, were given working capital of revolving funds without limitation as to fiscal year. The Bureau of Engraving, moreover, was put on an accrual accounting basis and its audit by the General Accounting Office is to be of a commercial type. The Post Office Financial Control Act transferred the administrative accounting and reporting function, and the preaudit of expenses, to the Postmaster General from the Comptroller General, who still retains the right to audit the department's accounts and to prescribe standards and principles for the accounting system. The Post Office Department was also given a revolving fund for its operations.

### *Territories*

The Department of the Interior, using the President's management improvement fund, has had a study made of the administration of Guam, American Samoa, and the Trust Terri-

tory, and has taken several positive steps toward extending self government in the United States possessions and territories.

The old Division of Territories and Island Possessions, which was considered a staff agency in the office of the Secretary, has been reconstituted as the Office of Territories, comparable to an operating bureau of the department. It takes on additional operating functions, partly as a result of the transfer to Interior by reorganization plan of the job of supervising the public works programs of Alaska and the Virgin Islands, partly as a result of the transfer of Guam from Navy to Interior administration, and partly as a result of the need to plan for the administration of American Samoa and the Trust Territory.

The Department of the Interior has been recommending statehood for Alaska and Hawaii. It supported the statute enacted in July that granted Puerto Rico the right to draft a new constitution. Puerto Rico was ahead of two dozen or more states in completing the work of its Little Hoover Commission and has taken a number of steps to reorganize its administration and strengthen the administrative role of its elected Governor.

Since the island of Guam was transferred from the jurisdiction of the Navy Department to the Department of the Interior, a new organic act has been passed providing for the government of Guam through a Governor appointed by the President and a single-chamber legislature elected by the people.

### *Supervision of Grants-in-Aid*

The 1950 Social Security Act carried a rider regarding the administration of grants-in-aid for unemployment compensation (the so-called Knowland amendment), which the President protested vigorously while signing the bill.

Hitherto, if a state agency decided that a worker was ineligible for unemployment compensation benefits, the Labor Department could negotiate with the state to see whether the decision represented a general application of the state law. If the decision conflicting with a federal requirement was to be made applicable to all future cases, the Secretary of Labor could hold a hearing to determine whether the state law was in accordance with

the standards set by the federal law. (Some of the most controversial differences of interpretation came up over the labor standards provisions of the state laws—for example, those providing that benefits cannot be withheld because a worker refuses to take a job in a strike-bound plant.) If the Secretary of Labor found a lack of conformity, he had the power to withhold certification of the state law for the tax offset credit, and in some cases to deny federal funds for the administration of the unemployment compensation program of the state—a sanction which in effect made the state change its interpretation to meet the federal standards.

The Knowland amendment, which is now law, requires the Secretary of Labor to delay most decisions on conformity with the federal law until the case goes from the state agency through all the possible appeals before the state courts.

#### *Atomic Energy Administration*

Three major administrative problems, along with a great range of policy problems, face the Atomic Energy Commission.

The general manager of the commission resigned in July, stating publicly that he was resigning because he believed it was inefficient to operate the atomic energy program by the present setup of five full-time commissioners and eighteen members of the Joint Congressional Committee on Atomic Energy. For a time, he told the *Washington Evening Star*, the commission operated by focusing managerial responsibility, but since then, he said, the Joint Committee has stepped out of the legislative and into the executive field, and the commission has tried to become a full-time management committee. The Joint Committee retorted by recommending a bill that would give the commission full authority to appoint and discharge a general manager and to fix his salary. Thus it revived one of the earliest issues in the atomic energy legislation—an issue which the McMahon Act decided in 1946 in favor of having the general manager appointed by the President.

Perhaps the most difficult point on which the general manager and the commission as a whole had differed with congressional leaders

was their disagreement, less with the Joint Committee than with the House Appropriations Committee, over the management of their communities. The Atomic Energy Commission has paid the costs of most of the municipal services of these communities, but has contracted with private firms for their management. The House committee voted to appropriate considerably less than the commission had agreed to pay its contractors for community services at Oak Ridge and Los Alamos. This action, among other things, led the commission to set up a special study, under a panel of outside experts, to report on ways in which the commission could dispose of the property in the towns to private ownership and place the communities on a self-governing basis.

Meanwhile a state court had put one restriction on the use of private firms under contract for administrative purposes: in Tennessee, a county court decided that two private corporations operating at Oak Ridge under cost plus fixed fee contracts with the Atomic Energy Commission were subject to the Tennessee state sales tax. The contractors had contended that they were agents of the federal government and that the tax would be paid by the federal government. The court ruled, however, that no governmental agency has the power to convert a private corporation into a government instrumentality and to extend to it the privilege of tax exemption. The Atomic Energy Commission has supported the contractors in this suit and the U.S. Department of Justice has intervened in the case.

#### *Women in the Federal Service*

In an attempt to draw a composite picture of top-level women federal employees the Women's Bureau of the Department of Labor recently analyzed careers of 730 women in top jobs in the federal service. More than half were found to be 45 years of age or older when they reached their highest reported salary. Among women in the professional-type jobs, almost nine-tenths were college graduates and more than half had advanced degrees. More than a third of the women in upper salaried positions of clerical-administrative-fiscal classifications were found to hold college degrees.



On the basis of the survey the bureau concluded that in peacetime the best chances for women are in professional jobs and in scientific, economic, and welfare fields. In war years, administrative posts have offered women their best opportunities. Occupational classification of the top-salary women showed that the largest group, 103, were economists. Next came attorneys, numbering 61; then social welfare workers, 54. Other groups were scientists, 41; research workers, 41; home economists, 35; physicians, nurses, and health specialists, 34; information specialists, 33; and educational workers, 30.

About a third of the group studied by the Bureau received between \$3,000 and \$4,600 a year; a third from \$4,600 to \$5,400; and a third more than \$5,400. Only 32 received salaries of \$8,000 or more and only 10 more than \$9,000. Four had salaries of as much as \$10,000.

#### *Governmental Revenue in 1949*

According to a publication of the U.S. Bureau of the Census, *Governmental Revenue in 1949* (August, 1950, 12 pp.), general revenue of all governments in the United States in the 1949 fiscal year totaled \$56.5 billion, or \$379 per capita. Taxes provided \$53.6 billion, or \$359 per capita. The remaining \$2.9 billion represented charges for governmental services and other nontax revenue. The federal government received seven-tenths, or \$37.8 billion, of all taxes; state and local governments received \$15.8 billion.

General revenue is defined as revenue, including all taxes, received in the exercise of general government functions, as distinguished from the management of enterprises and the administration of trust and sinking funds. Only the net amounts of revenue derived from the management of enterprises and the administration of trust and sinking funds are included as revenue.

Total general revenue of all public units combined in 1949 was down \$0.7 billion, or 1.2 per cent, from the record high collected in 1948. This moderate decrease was the net result of a drop in federal revenue of \$2.3 billion, or 5.6 per cent, and marked increases in revenues of state and local governments.

Individual income taxes provided 29 per

cent of all governmental revenue in 1949, yielding \$16.1 billion or \$108 per capita. Next in fiscal importance were taxes based on sales and gross receipts (including federal excise taxes and customs duties), which amounted to \$12.6 billion or \$84 per capita, and thus contributed 22 per cent of total governmental revenue. Corporation income taxes accounted for 21 per cent, property taxes for 12 per cent, other taxes for 11 per cent, and nontax sources for 5 per cent of all governmental revenue in 1949.

#### STATE AND LOCAL

##### *State Revenue Trends*

A recent study of the Council of State Governments, *Sources of State Tax Revenue—1940-49* (BX-276, \$0.75), points out that state tax receipts in the decade paralleled the expansion of national product and income and reached the record size of \$7.4 billion in 1949—an increase of 122.8 per cent over 1940 collections. In the same period the total national product increased by 159 per cent and national income by 178 per cent.

An outstanding rise in revenue collected by the states was shown in corporate income tax collections. They rose from \$155 million in 1940 to \$641 million in 1949, an increase of 312.8 per cent. The various corporate income levies, collected by 33 states, comprised 8.7 per cent of all state tax receipts in 1949. Individual income taxes, levied by 31 states, made up 8 per cent of total state tax revenue in 1949.

Although only 27 states utilized the general sales tax in 1949, it was the largest source of tax revenue for the states, amounting to 21.8 per cent of their total tax collections. Receipts from this source of \$1,609 million more than tripled 1940 collections of \$499 million. Nearly every major source of tax revenue increased by at least 50 per cent in absolute amount in the decade. Tobacco tax collections increased by a multiple of four—\$97 million in 1940 to \$390 million in 1949. Percentage increases in other major state taxes were: alcoholic beverages sales, 120.2 per cent; motor vehicle fuel, 62.3 per cent; and motor vehicle and operators' licenses, 72 per cent.



### *Highway-User Taxes*

In an effort to get more funds to meet road building needs, an increasing number of states are amending their constitutions to prohibit the diversion of highway-user taxes into general funds. This postwar trend toward adoption of anti-diversionary amendments has brought to twenty-one the number of states that no longer allow their automotive tax receipts to be channeled into nonhighway uses. Among states taking such action in recent years are Kentucky, Massachusetts, Ohio, Pennsylvania, and Texas. Similar amendments are slated to appear on the November election ballot in Tennessee and Oklahoma.

Other states with anti-diversion amendments in effect are California, Colorado, Idaho, Iowa, Kansas, Maine, Michigan, Minnesota, Missouri, Nevada, New Hampshire, North Dakota, Oregon, South Dakota, Washington, and West Virginia.

### *State Employment and Payrolls*

Record levels of state employment and payrolls were established in the first quarter of 1950. Census Bureau figures compiled in April, 1950, show that state employees totaled 1,033,000 and that payrolls reached \$212 million monthly. However, the rate of growth of both employment and payrolls slackened during the year. Payrolls rose only 8 per cent over April, 1949, as compared with a 15 per cent jump between 1948 and 1949 and an increase of 22 per cent the year before. The 5 per cent increase in state employees between 1949 and 1950 compares with a 1948-49 increase of 6 per cent and a 1947-48 increase of 8 per cent.

State governments accounted for about one-sixth of all persons on public payrolls—federal, state, and local—in April. The average earnings of state personnel that month amounted to \$205—a boost of \$5 over the same month in 1949. School services, principally institutions of higher education, accounted for more personnel and payroll than any other state function—30 per cent of all employees and 28 per cent of all payrolls.

### *Five More States Form Little Hoover Commissions*

Twenty-seven states and two territories now have reorganization studies completed or un-

der way. The most recent additions are Kentucky, Maine, Rhode Island, Arkansas, and Kansas. The reorganization agencies in these states will be concerned with state administrative organization and with problems of fiscal policy and tax revenue.

Recent action of the Kentucky Legislature created the Committee on Functions and Resources of State Government. The Governor was authorized to appoint not more than 25 members to the committee and made \$25,000 available to it annually for the fiscal years 1950-51 and 1951-52. The committee will work with the Legislative Research Committee in making a comprehensive survey of the requirements and responsibilities of the state government and the necessity of a balanced, coordinated program. The committees were also instructed to study the state tax structure.

The president of Bates College will head a fifty-six-member Tax Revision Commission recently appointed by Governor Frederick G. Payne of Maine. The scope of its study will be much larger than the title of the commission indicates—the group will study not only revenue sources but how tax funds are spent.

The Legislature in Rhode Island has authorized its Governor to appoint a permanent seven-member Fiscal Advisory Council. The council will examine state and local governmental structure to determine what savings may be made without disrupting essential services and activities. The tax structure also is to be studied and consideration given to the feasibility of a permanent tax system. The Legislature has appropriated \$25,000 with which to employ staff assistance as required and to pay the traveling expenses of the council.

In Arkansas, the Governor has appointed a Commission for the Reorganization of the State Government composed of nineteen citizens with backgrounds in business, law, labor, and public service. Nine study groups have been established with the following assignments: charitable and correctional institutions, conservation and development, educational services, financial management, health and welfare, public works, law enforcement and public safety, personnel, and regulatory agencies and examining boards. The commission will

utilize the services of university research bureaus.

Kansas has a citizen commission studying the operations of the state government. The Kansas Legislative Council is furnishing research assistance. Technical assistance is also being given by the Bureau of Governmental Research at the University of Kansas. A study of the state accounting system is one of the first projects of the commission.

#### *New York State Public Administration Training Program*

New York State recently took further steps in its three-pronged plan to train junior government administrators. A selected group of thirty-one permanent state employees will receive a year of training in public administration. This group, selected from all departments of the government, will participate in a joint program with the current group of public administration interns, who have been chosen from various universities on the basis of high academic achievement. The program consists of a series of institutes in personnel management, budgeting, administrative analysis, and other administrative skills. Individual departments will be responsible for other phases of the training of persons assigned to them. Employee-trainees will continue to hold their regular jobs on a part-time basis and will be paid their regular salaries. The mingling of employees with experience in government with students of superior academic background is expected to enrich the whole program and increase its effectiveness.

As a second step, the New York State public administration intern program, now in its fourth year, will change the method of selecting new interns. A plan of selection through competitive examination which will give interns permanent civil service status has been developed by a committee of university officials and state administrators. In the words of J. Edward Conway, president of the State Civil Service Commission, "the use of a competitive examination as a method of selecting government interns marks a radical departure from the usual procedure in appointing interns here and elsewhere."

New York's public administration interns

heretofore have been given one-year appointments to positions in the exempt class after surviving an intensive screening process which followed recommendation by college and university officials. In order to obtain permanent status, interns have had to pass competitive examinations during their intern periods. The members of Governor Dewey's Sponsoring Committee, which advises on the program, feel that the program has been hurt because the state loses some interns who cannot be placed at the end of their internships and because some of the most desirable prospects are unwilling to take a job for a year without some assurance of continuing in the state service beyond that time.

A committee has been working on the examination for prospective interns. It is expected that the examination will be conducted in the winter of 1950-51 and appointments of successful candidates will be made for the internship year beginning July 1, 1951. The committee recognizes the difficulties of constructing an examination which can measure effectively the abilities and personality factors considered important in selecting junior administrators. Efforts will be made to test for such intangible qualities and potentialities as leadership, imagination, initiative, social intelligence, and practical common sense.

The third part of the program, which has been guided from the beginning by Governor Dewey's Sponsoring Committee, is a graduate program for state employees. This program, conducted in Albany jointly by Syracuse and New York Universities, enables New York state employees who wish to receive additional training to work toward a master's degree in public administration from either university.

#### *In-Service Training for Municipal Government Officials*

Two New Jersey institutions have taken steps to provide in-service training and service for municipal government officials.

On July 1, a bureau of governmental research began functioning at Rutgers University. This new state university unit was authorized by the board of trustees after a series of conferences with the State League of Municipalities. The need for a program of in-service

training for municipal officials and for research into problems of local government prompted the action of the board. The bureau will provide educational and research services for local government officials. (Director of the bureau is Bennett M. Rich, a member of the Rutgers faculty since 1946.)

Stevens Institute of Technology at Hoboken, New Jersey, will offer courses in municipal government as a part of a program designed to provide in-service training for municipal government officials. The Stevens Bureau of Municipal Research expects to provide expert guidance to officials, to give courses in local government, and eventually to offer a graduate program in local government leading to a master's degree.

#### *Kansas City, Missouri, Centennial Year Report*

In 1950 Kansas City, Missouri, celebrates its 100th birthday. *Your City and Its Government, City Manager's Centennial Year Report* covers not only the story of the last fiscal period but also the story of the first hundred years of the city's growth. The report is a handsome book of sixty-eight pages. It contains many photographs and illustrative charts, a number in color.

The method of distribution is an interesting part of the story of the report. Forty thousand copies have been printed for distribution to the citizens of Kansas City. A double postcard has been sent to each person and business on the personal property tax roll advising of the availability of the report. Those desiring a copy return half of the postcard bearing their name and address. Copies of the report are delivered personally by city employees and citizens who have volunteered for this service. Some 28,000 citizens have requested copies. Each of the 5,000 city employees has also received a copy of the report delivered with a recent pay check. The public schools have received 3,000 copies for classroom use. This distribution will reach at least one of every five families in Kansas City.

#### *Stamford, Connecticut, Survey*

Administrative surveys are going forward in several cities as well as in an increasing number of states. The Summer, 1950, issue of the

*Review* (p. 220) reported the New York City surveys under the direction of Luther Gulick. A number of other cities have comprehensive or limited surveys under way. Stamford, Connecticut, recently completed a comprehensive management survey.

When Stamford became a city in 1949 (it had been a town from 1641, although part of its area had been a city since 1893), it was found that many existing methods of administration and financing needed revision. The mayor appointed a committee of five to conduct a survey and the industries of Stamford supplied technical and professional personnel to work on the task force assignments. The Citizens' Committee to Study the City Government found the general structure of the city government sound. It made more than 100 specific recommendations for improvement, however, and asked that there be a continuing follow-up on the part of all city officials to effect them. Mayor George T. Barrett, in accepting the report, indicated his intention to implement its recommendations as far as possible. Not the least important of the by-products of the survey has been the creation of more widespread public understanding and interest on the part of citizens in their city government.

#### *New Jersey Grants Cities Home Rule*

Action by the New Jersey Legislature this year permits cities of the state to streamline their governmental structures and frees them of many long-standing restrictive state laws and regulations. Currently, at least twenty different types of municipal government are operating in the state.

Under the newly adopted law, cities are permitted to choose one of three basic forms of government—the mayor and council, the council-manager, and the small-municipality council. Within these basic forms, voters may select any one of fourteen variations, which relate chiefly to the method and time of election, arrangement of terms of the mayor and council members, and the number of councilmen. The basic forms outlined under the law are for optional adoption, depending on which best meets the need of the individual city's require-

ments. Under the mayor and council and council-manager forms, which are designed for larger cities, the mayor or manager has concentrated authority and responsibility. In the small cities the council retains both legislative and administrative powers.

In order for a city to take advantage of the new law, voters must petition their governing body for a referendum to determine if sentiment favors a study of administrative reform. In cities of 7,000 population or less, 25 per cent of all registered voters must sign the referendum petition; in communities from 7,000 to 70,000 population the percentage is 20. Larger cities must have the signatures of 10 per cent of their voters on the petition. If voters approve of the study, a five-member commission is elected to draft a new charter and voters then pass on the proposed charter.

#### GENERAL

##### *Public Administration Graduate Aids*

Public Administration Clearing House recently sent a questionnaire to more than 150 universities and colleges throughout the country to secure information about public administration fellowships, scholarships, and assistantships available for the Spring and Summer, 1951, and for the academic year 1951-52. Originally it had been planned to publish a summary of this information in *Public Administration Review*. The bulk of the resulting compilation, however, has ruled out that possibility. The Clearing House is therefore issuing in the near future a pamphlet containing information on these types of aid and the conditions under which they are available in the various institutions. The pamphlet is being sent to the person in charge of the program in public administration in the institutions answering the questionnaire and to all junior members of the Society. Others may receive copies upon request.

Some information about opportunities for fellowships and scholarships to study public administration abroad will also be included in the compilation. These aids are usually of a general nature and may be used for study in the field of the recipient's choice. Information about the Fulbright program may be obtained

from the Department of State and from the Institute of International Education, 2 West 45th Street, New York City. The Institute and the American Council on Education, 744 Jackson Place, N.W., Washington, D.C., both give general and specific information about educational aid for Americans abroad. Perhaps the best single published source of information about international fellowships is the UNESCO pamphlet entitled *Study Abroad*, which may be obtained by writing to the United Nations Department of Social Affairs, Lake Success, New York.

##### *Ford Foundation Program*

*The Report of the Trustees of the Ford Foundation*, issued September 27, 1950, and the initial grants announced subsequently, emphasize the importance the foundation attaches to public administration in carrying out its long-range aim of "advancing human welfare." The *Report* outlined five areas of action in which the efforts of the foundation are to be concentrated for the present: (1) activities that promise significant contributions to world peace and the establishment of a world order of law and justice; (2) activities designed to secure greater allegiance to the basic principles of freedom and democracy in the solution of the problems of an ever-changing society; (3) activities designed to advance the economic well-being of people everywhere; (4) activities to strengthen, expand, and improve educational facilities and methods; and (5) scientific activities designed to increase knowledge of factors that influence or determine human conduct.

In the field of world peace, the foundation stated that among activities it would support are those directed toward "the improvement and strengthening of the United Nations and its associated international agencies," and "the improvement of the structure and procedures by which the United States Government, and private groups in the United States, participate in world affairs." In the second area of action, the foundation said that its activities would include "the strengthening of the political processes through which public officers are chosen and policies determined, and the improvement of the organizations and admin-



istrative procedures by which governmental affairs are conducted." It also pledged support to "the strengthening of the organization and procedures involved in the adjudication of private rights and the interpretation and enforcement of law."

Included among activities in the field of human conduct in which the foundation will interest itself is "the scientific study of group organization, administration, and leadership, for greater effectiveness of cooperative effort and for increased individual satisfaction." It also proposes to increase "the use of the knowledge of human behavior in medicine, education, law, and other professions, and by planners, administrators, and policy-makers in government, business, and community affairs."

Of the total initial grants of \$3.5 million, \$3 million will be used for the study of human behavior. Thirteen universities—California, Chicago, Columbia, Cornell, Harvard, Illinois, Michigan, Minnesota, North Carolina, Pennsylvania, Princeton, Stanford, and Yale—and the Social Science Research Council shared in this grant. A grant of \$500,000 to the Public Administration Clearing House is for the purpose of expanding its activities in the fields of national and international administration.

#### *Intergovernmental Relations Series*

The first three monographs in a series on intergovernmental relations in the United States as observed since 1946 in the state of Minnesota have been issued. The series has been made possible by a grant from the Rockefeller Foundation. Ten monographs are planned, eight dealing with intergovernmental relations in particular functional fields and two containing concluding, summary, and analytical remarks. The series is under the general editorship of William Anderson and Edward W. Weidner. In the words of the editors of the monographs, the approach is "largely contemporary, administrative, fiscal, and as far as possible human."

The monographs thus far issued are *Intergovernmental Relations and the Courts*, by Forrest Talbott; *Intergovernmental Relations in Highways*, by R. A. Gomez; and *Intergovernmental Relations in Education*, by Robert L. Morlan. Other functional studies in process are concerned with public health, agriculture,

social welfare, employment security, and public finance. The concluding volumes will deal with (1) Minnesota's relations with the national government and with other states, and (2) the relations between Minnesota's local governments and national, state, and other local governments.

The ten monographs in the intergovernmental relations series may be ordered now from the University of Minnesota Press, Minneapolis 14, for \$25.00. They may also be purchased singly at list prices that total \$34.50. It is expected that the series will be completed in 1952.

#### *The ABC's of Federal Services to Cities and Towns*

A recent publication of the American Municipal Association, *Federal Services to Cities and Towns*, compiled by Robert H. Blundred and Donoh W. Hanks, Jr., literally lists from A to Z the services the federal government can render local jurisdictions. If one is interested in administrative management he will find that subject early in the alphabetized subject list. Zoo administration appears as the last item in the book. Do you have a water supply problem? See "Water Supply" for the federal agencies that can help you to solve it. Are you in need of a model ordinance? See "Ordinances" for the kinds available from the federal government. Federal aid? See "Grants" or "Loans." In all, this 81-page volume assembles several hundred concise statements distilled from thousands of verbal questions to, and a voluminous correspondence with, every department and agency of the national government. The listing is supplemented with a section that gives the addresses of federal departments, agencies, bureaus, and field offices.

The publication sells for \$5.00 and may be obtained from the American Municipal Association, 1313 East 60th Street, Chicago 37, Illinois, or from the Washington Office of the Association at 522 Transportation Building, Washington 6, D.C.

#### *Mental Health Programs*

The Council of State Governments, 1313 East 60th Street, Chicago 37, Illinois, has recently issued *The Mental Health Programs of*



the *Forty-eight States*, 377 pp., \$4.00. The study is concerned primarily with state programs for the care and treatment of the mentally ill; it does not attempt to deal comprehensively with other categories in the broad field of mental health.

#### *Highway Safety; Motor Truck Regulation*

Another report recently issued by the Council of State Governments is *Highway Safety; Motor Truck Regulation*, 184 pp., \$3.00. The study "is intended to present the situation as it now exists, with suggestions for the effective promotion of highway safety and the constructive regulation and control of motor transport." The part of the report on highway safety covers legislation, administration, driver licensing, law enforcement, and engineering. The section on motor truck regulation contains chapters on sizes and weights and motor vehicle taxation.

#### *Public Library Inquiry Survey*

In 1947, the American Library Association asked the Social Science Research Council to make an inquiry into the basic issues and problems facing the public library in the United States. In its request the association asked the council for "an appraisal in sociological, cultural, and human terms of the extent to which the librarians are achieving their objectives," and "an assessment of the public library's actual and potential contribution to American society." A grant of \$200,000 was made available by the Carnegie Corporation of New York to the council for the project and the inquiry was carried out under the direction of Robert D. Leigh, political scientist and former president of Bennington College. The staff consisted of twenty-four research associates and assistants, some on a part-time basis. A committee of the council served in an advisory capacity. The inquiry investigated the library services and problems in sixty communities ranging from metropolitan centers to rural villages.

Six of the seven reports resulting from the inquiry have now been published by the Columbia University Press. Three would seem to be of special interest to public administrators: (1) *The Public Library in the United States*, by Robert D. Leigh (320 pp., \$3.75), the general

report of the inquiry, which summarizes and analyzes the total findings and offers conclusions and recommendations for further development; (2) *The Public Library in the Political Process*, by Oliver Garceau (282 pp., \$3.75), a survey of the internal and external political factors affecting the public library which contains material from field research in sixty-one sample communities and on state library extension agencies in two-thirds of the states; and (3) *Government Publications for the Citizen*, by James L. McCamy (139 pp., \$2.50), which surveys the scope and machinery for publication and distribution of government information to the general reader.

#### *Public Administration during the War*

A series of eight lectures, entitled *What We Learned in Public Administration during the War*, has recently been published by the Graduate School of the U.S. Department of Agriculture. The lectures were given in the fall of 1946 when the experiences during World War II were fresh in the minds of men who had had a share in federal administration during the war. The high cost of printing delayed their publication. Lectures and their subjects are as follows: J. Donald Kingsley, "Top-Level Coordination of Wartime Programs"; Bernard L. Gladieux, "Top Management in the War Agencies"; Charles S. Ascher, "Washington-Field Relationships"; Estes Kefauver, "Relationships between Congress and the Executive Branch"; William Anderson, "National-State Relations during the War"; Neil Dalton, "Informing the People"; L. W. Hoelscher, "Management Improvement Techniques"; Herbert Emmerich, "Lessons of the War—A Summary."

#### *United Nations Catalog*

There has recently been issued a *Catalog of Economic and Social Projects*, No. 2, 1950. United Nations. U.N. Publ. Sales No. 1950 II. D.1., 515 pp., which may be purchased for \$3.75 from Columbia University Press, New York City 27.

This catalog lists, by departments and divisions of UN and of the Specialized Agencies, each project, citing the authority, scope, participating organizations, appropriation, and documents and publications resulting there-

from. There is an analytical index by topics, so that it becomes easy, for the first time, to find out what the UN and its affiliated agencies are doing about housing and town planning, population, standards of living, and a host of other subjects. There is a directory of depository libraries of UN documents.

The reader can keep abreast of current development in fields of his interest through the new monthly *United Nations Documents Index*, described in the Summer, 1950, issue of the *Review*, p. 224, Vol. 1, N. 1, January, 1950, \$7.50 a year from the Columbia University Press. This, too, has a topical index and puts the reader in a position to identify the docu-

ment by its symbol, without which it is practically impossible to request material from UN.

#### *Census Bureau Publications on Governments*

A leaflet entitled *Census Bureau Publications on Governments* has been issued by the U. S. Bureau of the Census and is available from that agency upon request. The leaflet describes briefly each of the seventeen reports on governmental finances and employment which the Census Bureau expects to issue in the fiscal year beginning July 1, 1950, and lists other recent publications of the bureau relating to state and local governments.

## CONFERENCE CALENDAR

### *November 1950*

Academy of Political Science	Nov. 8	New York (Hotel Astor)
National Conf. on Intergroup Relations	Nov. 15-17	New York (Hotel New Yorker)
15th Annual Regional Highway & Motor Vehicle Conference	Nov. 16-17	New York (Hotel Roosevelt)
New England Council	Nov. 16-17	Boston (Hotel Statler)
Southern Political Science Assn.	Nov. 16-18	Durham & Chapel Hill, N. C.
National Municipal League	Nov. 20-22	Buffalo, N. Y. (Hotel Statler)
Western Political Science Assn.	Nov. 24-25	Pocatello, Idaho
International City Managers' Assn.	Nov. 26-29	Houston, Tex. (Shamrock Hotel)
American Standards Assn.	Nov. 27-29	New York (Waldorf-Astoria)
National Institute of Municipal Law Officers	Nov. 27-29	New Orleans, La. (Roosevelt Hotel)
Civil Service Assembly—Annual Conference	Nov. 27-30	Atlanta, Ga. (Atlanta-Biltmore)
National Council of State Public Assistance & Welfare Administrators	Nov. 30	Chicago (Edgewater Beach)
National Council of Local Public Welfare Administrators	Nov. 30	Chicago (Edgewater Beach)
American Public Welfare Assn.—Annual Round Table Conf.	Nov. 30- Dec. 2	Chicago (Edgewater Beach)

### *December 1950*

American Municipal Association	Dec. 3-6	Washington, D. C. (Hotel Statler)
American Assn. of State Highway Officials	Dec. 4-7	Miami, Fla.
General Assembly of the States	Dec. 7-9	Chicago (Edgewater Beach)
National Assn. of Attorneys General—Annual Meeting	Dec. 9-12	Miami Beach, Fla.
American Economic Association	Dec. 27-30	Chicago (Palmer House)
American Statistical Assn.	Dec. 27-30	Chicago (Congress Hotel)
American Political Science Assn.	Dec. 28-30	Washington, D. C. (Mayflower & Statler Hotels)

### *March 1951*

American Society for Public Administration	Mar. 9-11	Washington, D. C. (Hotel Statler)
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### *May 1951*

American Public Power Assn.	May 7-9	Chattanooga, Tenn.
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# News of the Society

## ASPA Conference

March 9-11, 1951—Friday through Sunday

Statler Hotel, Washington, D. C.

### *Regional Meetings*

The American Society for Public Administration and the Western Governmental Research Association met together for the Second Annual Pacific Coast Regional Dinner Conference in San Francisco September 28. Roger D. Lapham, former mayor of San Francisco, spoke to about 125 people on his experiences as head of the ECA mission to China in 1948-49.

### *California-San Diego Area*

"Some Aspects of Planning Administration for the San Diego Area" was discussed by Willis R. Miller, chief, Planning Division, County of San Diego, and Glenn Rick, director, Planning Department, City of San Diego, at the chapter meeting July 21.

### *California—Southern California*

A series of three meetings on "Can the Los Angeles City Form of Government Be Improved?" was initiated by the Southern California chapter last spring to meet the desire of members to discuss and contribute something toward the solution of an immediate local problem.

The topic for the first meeting in April was "Approaching a Major Reorganization of the City of Los Angeles Government." Edwin A. Cottrell, consultant and trustee, Haynes Foundation, outlined the necessary functions of the Los Angeles city government; and Francis M. Cummings, director, Los Angeles City Bureau of Budget and Efficiency, talked on the basic

research approach required to evaluate the present city government.

The topic for the second meeting was "Recommended Form of Government for the City of Los Angeles." Edward W. Weidner, assistant professor of political science at U.C.L.A., gave a general survey of municipal and metropolitan forms of government and Gordon M. Bain led the discussion of various organization and legislative problems involved in alternative forms of government for Los Angeles.

The problems of public support, obtaining the approval of voters for charter changes, and pitfalls to be avoided in implementing organizational changes were discussed under the title "Implementing the Major Reorganization in Municipal Government" at the final meeting in June. Participants were Glenn Eastburn, executive secretary, Property Owners' Association; Louis Burke, attorney; and John Crowley, League of California Cities.

Interested outside groups were invited to participate in all of these meetings.

Officers of the Southern California chapter for the current year are: *President*—Judith Jamison, Bureau of Public Administration, U.C.L.A.; *Vice President*—John Crowley, League of California Cities; *Directors*—Gordon Bain, Civil Aeronautics Administration; Will Baughman, California Taxpayers' Association; Peter Keplinger; George Terhune, Los Angeles City Bureau of Budget and Efficiency; John R. Leach, Chief Administrative Office, County of Los Angeles; John Vieg, chairman, department of government, Claremont College; Sherman Boivin, Civil Aeronautics Administration.

*District of Columbia*

Elmer B. Staats, assistant director, Bureau of the Budget, talked on "Organizing for Emergency Administration" at the opening chapter meeting October 11. Commentators on the program with Mr. Staats were Bernard L. Gladioux, executive assistant to the Secretary of Commerce; Hugh Elsbree, senior specialist in American government and public administration, Library of Congress; and Harold Stein, staff director, Public Administration Cases.

Three series of round table sessions are being sponsored jointly by the Washington, D. C. Chapter and the Society for the Advancement of Management. The round tables deal with budgeting, overseas administration, and management improvement and review.

Keymen have been recruited in most of the large government agencies to represent the Executive Council of the chapter in handling membership promotion, distribution of meeting notices, etc.

*Illinois—Chicago*

During the summer the chapter organized a committee of academic and government leaders to study and stimulate interest in advanced training for the public service. Sidney E. Tarbox, chief, examining and placement division, Seventh United States Civil Service Region, discussed the work of earlier groups in the Chicago area interested in this subject at the meeting of the chapter September 20.

A five-man panel dealt with "Man Power Problems in the Public Service" at the October 18 meeting. Panel members were Samuel Bernstein, commissioner, Placement and Unemployment Compensation, State of Illinois; Walter E. Elder, deputy regional director, U.S. Civil Service Commission; Robert L. Hunter, member, Illinois Civil Service Commission; Joseph E. Schumacher, director, organization and personnel, Chicago Operations Office, Atomic Energy Commission; Charles N. Bentley, chief civilian personnel officer, Chicago Quartermaster Depots, U.S. Army.

*Illinois—University of Chicago*

Arthur Hillis, a member of the British Civil Service Commission, spoke at the opening chapter luncheon, October 13. Mr. Hillis, who is in this country as a Commonwealth Fellow, discussed "Some Postwar Developments in the British Civil Service Selection Process."

*North Carolina—University of North Carolina*

Officers elected at the October 9 meeting were: *President*—Captain (Ret. U.S.N.) Chauncey Cruthcher; *Vice President*—James A. Dougherty; *Secretary*—Charles Bernard; *Advisory Board*—Nicholas Demerath, department of sociology, University of North Carolina; Clarence Heer, department of economics, University of North Carolina; George Esser, Institute of Government, University of North Carolina.

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<b>Municipal Finance Administration.</b>	491 pp., Fourth Edition, 1949
<b>Local Planning Administration.</b>	337 pp., Second Edition, 1948
<b>Municipal Fire Administration.</b>	Fifth Edition, Fall 1950
<b>Municipal Public Works Administration.</b>	458 pp., Fourth Edition, 1950
<b>Municipal Recreation Administration.</b>	516 pp., Third Edition, 1948
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